

PHOKWANE MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2012

PHOKWANE MUNICIPALITY

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PHOKWANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Phokwane Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Phokwane Municipality includes the following areas:

Pampierstad, Hartswater, Jan Kemp Settlement and the Farming Areas. The geographical area is approximately 835km in extent and accommodates approximately 61314 people (Census 2001). It is a peri-urban area with serious socio-economic challenges versus unemployment, high rate of poverty, low skilled workforce and serious basic service infrastructure challenges such as roads, sewer network, housing and water services.

MEMBERS OF THE EXECUTIVE COMMITTEE

V Khen (Chairperson)
HM Modiakgotla
F Pitso
S Lewis

MEMBERS OF SUB-COMMITTEES

F Pitso - Chairperson: Social & Community Services
M Chakane - Chairperson: Corporate & Development Services
H Modiakgotla - Chairperson: Budget & Treasury Services
P Mona - Chairperson: Technical & Engineering Services

MUNICIPAL MANAGER

MP Dichaba

CHIEF FINANCIAL OFFICER

TP Sediti

REGISTERED OFFICE

24 Hertzog Street
Hartswater
8570

AUDITORS

Auditor-General
P O Box 5103
Kimberley

PRINCIPLE BANKERS

ABSA

ATTORNEYS

On assignment appointments

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

PHOKWANE MUNICIPALITY

MEMBERS OF THE PHOKWANE MUNICIPALITY

WARD	COUNCILLOR
1	I Riet
2	MF Mojapele
3	FO Pitso
4	AS Mokoena
5	D Meza
6	PJ Nel
7	CJS Adams
8	HM Modiakgotla
9	M Chakane
Proportional	V Khen
Proportional	DM Moeketsi
Proportional	P Mona
Proportional	KD Mashorie
Proportional	AO Moremong
Proportional	D Meyer
Proportional	S Lewis
Proportional	GM Motebe
Proportional	S Nkomo

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 80 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Municipal Manager

Date

PHOKWANE MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net Assets		218 839 704	188 550 727
Accumulated Surplus		218 839 704	188 550 727
Non-Current Liabilities		15 641 971	14 509 956
Long-term Liabilities	2	-	1 123 649
Non-Current Employee Benefits	3	14 788 543	12 573 518
Non-Current Provisions	4	853 428	812 789
Current Liabilities		23 210 747	25 482 844
Consumer Deposits	5	2 132 122	1 936 417
Current Employee Benefits	6	4 473 132	3 612 730
Provision	7	3 575 698	3 405 427
Trade and other payables	8	5 896 885	11 886 998
Unspent Conditional Government Grants and Receipts	9	7 009 261	4 262 638
Current Portion of Long-term Liabilities	2	123 649	378 634
Total Net Assets and Liabilities		257 692 421	228 543 526
ASSETS			
Non-Current Assets		188 180 491	173 614 343
Property, Plant and Equipment	11	184 628 535	170 056 638
Investment Property	12	3 536 463	3 536 463
Intangible Assets	13	15 492	21 242
Long-Term Receivables	14	-	-
Current Assets		69 511 929	54 929 183
Inventory	15	1 283 041	1 574 246
Trade Receivables from exchange transactions	16	13 671 234	12 877 421
Other Receivables from non-exchange transactions	17	1 222 629	971 695
Unpaid Conditional Government Grants and Receipts	9	4 917 738	7 797 087
Taxes	10	10 993 425	12 407 416
Current Investments	18	-	8 759 612
Cash and Cash Equivalents	19	37 423 861	10 541 706
Total Assets		257 692 420	228 543 526

PHOKWANE MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 (Actual) R	2011 (Restated) R	Correction of error R	2011 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		92 323 255.36	105 685 146.90	(34 801)	105 719 948
Taxation Revenue					
Property taxes	20	7 926 865	7 157 223	(34 801)	7 192 024
Transfer Revenue		84 205 700	98 400 183	-	98 400 183
Government Grants and Subsidies	21	84 205 700	98 400 183	-	98 400 183
Other Revenue		190 690	127 741	-	127 741
Fines		190 690	127 741	-	127 741
Revenue from Exchange Transactions		91 948 978	74 454 190	14 232 099	60 222 092
Service Charges	22	77 054 971	62 098 995	14 549 765	47 549 229
Rental of Facilities and Equipment		136 096	139 403	-	139 403
Interest Earned - current account		81 314	-	-	-
Interest Earned - external investments		1 633 815	846 086	-	846 086
Interest Earned - outstanding debtors		7 927 472	7 795 512	(441 088)	8 236 601
Licences and Permits		1 692 295	1 296 718	-	1 296 718
Income for Agency Services		1 457 837	1 081 676	92 051	989 625
Other Income	23	1 965 179	1 195 802	31 371	1 164 431
Total Revenue		184 272 233	180 139 337	14 197 298	165 942 039
EXPENDITURE					
Employee related costs	24	37 845 924	33 095 297	-	33 095 297
Remuneration of Councillors	25	4 911 455	4 453 852	-	4 453 852
Debt Impairment	26	29 508 778	29 063 588	-	29 063 588
Depreciation and Amortisation		6 913 821	6 429 198	269 807	6 159 390
Impairments	27	3 880	650 350	9 483	640 867
Repairs and Maintenance		4 412 493	2 641 570	59 123	2 582 447
Finance Charges	28	1 364 436	1 088 568	164 678	923 890
Actuarial losses	3	1 056 197	3 482 490	-	3 482 490
Bulk Purchases	29	41 890 993	41 377 343	-	41 377 343
Contracted services		714 110	413 715	-	413 715
Grants and Subsidies Paid	30	3 257 659	15 094 485	13 883 635	1 210 850
General Expenses	31	22 103 510	20 655 325	(1 286 002)	21 941 328
Total Expenditure		153 983 256	158 445 780	13 100 724	145 345 056
Operating Surplus for the Year		30 288 977	21 693 557	1 096 574	20 596 984
Loss on disposal of Property, Plant and Equipment		-	-	-	-
Gain on disposal of Property, Plant and Equipment		-	279 116	-	279 116
NET SURPLUS/(DEFICIT) FOR THE YEAR		30 288 977	21 972 673	1 096 574	20 876 099

Refer to Appendix D(1) for explanation of budget variances

PHOKWANE MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 30 JUNE 2009	166 031 481	166 031 481
Correction of error - Refer to note 32.09	546 572	546 572
Balance at 1 JULY 2010	166 578 053	166 578 053
Net Surplus for the year as stated previously	20 876 099	20 876 099
Correction of error - Refer to note 33	1 096 574	1 096 574
Balance at 30 JUNE 2011	188 550 727	188 550 727
Net Surplus/(Deficit) for the year	30 288 977	30 288 977
Balance at 30 JUNE 2012	218 839 704	218 839 704

PHOKWANE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		53 629 942	87 505 666
Government		89 831 672	94 345 754
Interest		1 715 129	846 086
Payments			
Suppliers and employees		(99 765 325)	(120 878 293)
Finance charges	35	(1 364 436)	(1 088 568)
Transfers and Grants		(3 257 659)	(15 094 485)
Cash generated by operations	34	40 789 322	45 636 160
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(21 483 852)	(35 340 936)
Proceeds on Disposal of Fixed Assets		-	279 116
Increase in Intangible Assets		-	(6 397)
Increase in Investment Properties		-	-
Decrease in Long-term Receivables		-	-
(Increase)/Decrease in Non-current Investments		-	-
Net Cash from Investing Activities		(21 483 852)	(35 068 218)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(1 378 634)	(1 333 532)
Increase in Consumer Deposits		195 706	173 972
Net Cash from Financing Activities		(1 182 929)	(1 159 560)
NET INCREASE IN CASH AND CASH EQUIVALENTS		18 122 543.31	9 408 383.14
Cash and Cash Equivalents at the beginning of the year		19 301 318	9 892 935
Cash and Cash Equivalents at the end of the year	35	37 423 861	19 301 318
NET INCREASE IN CASH AND CASH EQUIVALENTS		18 122 543	9 408 383

INSERT ACCOUNTING POLICY

PHOKWANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2

LONG TERM LIABILITIES

	2012 R	2011 R
Sinking Fund loan from ABSA	-	1 000 000
Government Loans : Other	-	107 493
Capitalised Lease Liability - At amortised cost	123 649	394 791
Nashua AF 2015 - J9046920779	-	36 178
Nashua MP161SPFCH - M0179306908	24 471	50 051
Nashua MP161CHN - L9769600010	-	26 229
Thynk Finance Master Rental Agreement	32 664	71 074
New Olivette D-Copia 18 MF Digital Copier - XMATT15786	13 303	42 252
New Olivette D-Colour 45 MF Digital Copier - 60605010067	19 954	63 377
New Olivette D-Copia 800 MF Digital Copier - H3005685	33 257	105 629
	123 649	1 502 283
Less: Current Portion transferred to Current Liabilities	123 649	378 634
Government Loans : Other	-	107 493
Capitalised Lease Liability - At amortised cost	123 649	271 142
	-	1 123 649
Total Long-term Liabilities - At amortised cost using the effective interest rate method	-	1 123 649

The obligations under government loans are scheduled below:

		Minimum loan payments
Amounts payable under loans:		
Payable within one year	-	107 656
Payable within two to five years	-	-
	-	107 656
Less: Future finance obligations	-	(163)
Present value of loan obligations	-	107 493

The Government loans have an maturity date of 30 June 2011. The final payment outstanding was paid in August 2011.

The obligations under finance leases are scheduled below:

		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	129 501	309 105
Payable within two to five years	-	129 501
	129 501	438 606
Less: Future finance obligations	(5 852)	(43 815)
Present value of lease obligations	123 649	394 791

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 11

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Nashua AF 2015	29.04%	15%	5 Years	30/06/2012
Nashua	Nashua MP161SPFCH	29.04%	15%	5 Years	30/04/2013
Nashua	Nashua MP161CHN	26.45%	15%	5 Years	30/06/2012
Thynk Finance	Thynk Finance Master Rental Agreement	14.49%	0%	5 Years	31/03/2013
	- 1 Nortel LDK 305				
	- 1 Music on hold				
	- 1 Battery Backup				
	- Lightning Protection				
	- 4 New 8 key digital executive terminals				
Journey Vehicle	New Olivette D-Copia 18 MF Fax	13.99%	0%	5 Years	31/12/2012
and Asset Finance	New Olivette D-Colour 45 MF Digital (13.86%	0%	5 Years	31/12/2012
	New Olivette D-Copia 800 MF Digital	13.99%	0%	5 Years	31/12/2012

NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 3.1
Long Service Awards - Refer to Note 3.2

Total Non-current Employee Benefits**Post Retirement Benefits**

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

Total post retirement benefits 30 June

Less: Transfer of Current Portion to Current Employee Benefits - Note 6

Balance 30 June

2012
R

2011
R

12 935 534
1 853 009

10 977 282
1 596 236

14 788 543

12 573 518

11 384 838

7 445 908

1 599 876

927 794

(407 556)

(292 271)

744 740

3 303 407

13 321 898

11 384 838

(386 364)

(407 556)

12 935 534

10 977 282

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Long Service Awards

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

Total long service 30 June

Less: Transfer of Current Portion to Current Employee Benefits - Note 6

Balance 30 June

1 681 849

1 355 364

316 297

318 663

(85 613)

(171 261)

311 457

179 083

2 223 990

1 681 849

(370 981)

(85 613)

1 853 009

1 596 236

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

Total employee benefits 30 June

Less: Transfer of Current Portion to Current Employee Benefits - Note 6

Balance 30 June

13 066 687

8 801 272

1 916 173

1 246 457

(493 169)

(463 532)

1 056 197

3 482 490

15 545 888

13 066 687

(757 345)

(493 169)

14 788 543

12 573 518

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members
In-service probable future members (In-service (employee) non-members who have indicated that they will join a scheme on retirement.
Continuation members (e.g. Retirees, widows, orphans)

Total Members

71

68

47

47

15

20

133

135

The liability in respect of past service has been estimated to be as follows:

In-service members
Continuation members

Total Liability

7 109 707

6 306 656

6 212 191

5 078 182

13 321 898

11 384 838

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2010
R

2009
R

2008
R

In-service members

3 390 636

2 808 384

2 582 808

Continuation members

4 055 272

4 055 272

4 064 344

Total Liability

7 445 908

6 863 656

6 647 152

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed;
LA Health;
Key Health;
SAMWU Medical Aid and
Medshield.

The Future-service Cost for the ensuing year is estimated to be R 638 170, whereas the Interest Cost for the next year is estimated to be R 1 050 661.

NON-CURRENT EMPLOYEE BENEFITS (continued)

Key actuarial assumptions used:

i) Rate of interest

	2012 %	2011 %
Discount rate	8.00	8.63
Health Care Cost Inflation Rate	6.82	7.32
Net Effective Discount Rate	1.10	1.22

ii) Mortality rates

The mortality rates used during employment - SA 85-90 and Mortality after retirement - PA 90 ultimate table.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years for males and 58 years for females.

	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	13 321 898	11 384 838
Net liability/(asset)	13 321 898	11 384 838

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	11 384 838	7 445 908
Total expenses	1 192 320	635 523
Current service cost	634 512	255 431
Interest Cost	965 364	672 363
Benefits Paid	(407 556)	(292 271)
Actuarial (gains)/losses	744 740	3 303 407
Present value of fund obligation at the end of the year	13 321 898	11 384 838
Less: Transfer of Current Portion - Note 6	(386 364)	(407 556)
Balance 30 June	12 935 534	10 977 282

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

A one-year age reduction in the assumed rates of post-retirement mortality;

A one-year decrease in the assumed average retirement age; and

A 50% reduction in the assumed withdrawal rates

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	7.11	6.212	13.322	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	8.761	6.949	15.710	18%
Health care inflation	-1%	5.817	5.583	11.400	-14%
Post-retirement mortality	-1 year	7.349	6.438	13.787	3%
Average retirement age	-1 year	7.698	6.212	13.911	4%
Withdrawal Rate	-50%	7.981	6.212	14.193	7%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 273 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R340 025, whereas the Interest cost for the next year is estimated to be R130 083.

Key actuarial assumptions used:

i) Rate of interest

	2012 %	2011 %
Discount rate	6.37	7.70
General Salary Inflation (long-term)	5.97	6.25
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.38	1.36

	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 223 990	1 681 849
Net liability	2 223 990	1 681 849

NON-CURRENT EMPLOYEE BENEFITS (continued)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R	2008 R
Total Liability	1 355 364	1 290 847	1 243 715
		2012 R	2011 R
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		1 681 849	1 355 364
Total expenses		230 684	147 402
Current service cost		190 092	204 090
Interest Cost		126 205	114 573
Benefits Paid		(85 613)	(171 261)
Actuarial losses /(gains)		311 457	179 083
Present value of fund obligation at the end of the year		2 223 990	1 681 849
Less: Transfer of Current Portion - Note 6		(370 981)	(85 613)
Balance 30 June		1 853 009	1 596 236

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.224	
General salary inflation	1%	2.352	6%
General salary inflation	-1%	2.107	-5%
Average retirement age	-2 yrs	2.002	-10%
Average retirement age	2 yrs	2.508	13%
Withdrawal rates	-50%	2.575	16%

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

Contributions paid recognised in the Statement of Financial Performance	121 209	204 594
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CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	729 415	641 605
---	---------	---------

4

Contributions paid recognised in the Statement of Financial Performance

2012
R

2011
R2012
R2011
R**Total Non-current provisions**

Balance 1 July

Total provision 30 June

Less: Current Portion to Current Provisions

Balance as previously reported
Transferred to Provisions - Refer to note 7

Balance 30 June

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Jan Kemp Dorp

Hartswater (Old)

Pampierstad

Ganspan

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Estimated
decommission
date

Cost of rehabilitation

2012
R

Jan Kemp Dorp
Hartswater (Old)
Pampierstad
Ganspan

2026
2012
2012
2012

$$\begin{array}{r} 2\,850\,242 \\ 2\,583\,700 \\ 512\,004 \\ 479\,994 \\ \hline 6\,425\,940 \end{array}$$

6 425 940

5

2012
R2011
R

Guarantees held in lieu of Electricity and Water Deposits

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

CURRENT EMPLOYEE BENEFITS

	2012 R	2011 R
Staff Leave	2 984 449	2 392 720
Employee bonuses	731 339	726 841
Current Portion of Non-Current Employee benefits	757 345	493 169
Current Portion of Post Retirement Benefits - Note 3	386 364	407 556
Current Portion of Long-Service Awards - Note 3	370 981	85 613
Total Provisions	4 473 132	3 612 730

The movement in current provisions are reconciled as follows:

Post Retirement Benefits

Balance at beginning of year	407 556	292 271
Adjustment from non-current	(21 192)	115 285
Balance at end of year	386 364	407 556

Long-service Awards

Balance at beginning of year	85 613	171 261
Adjustment from non-current	285 368	(85 648)
Balance at end of year	370 981	85 613

Staff Leave

Balance at beginning of year	2 392 721	2 848 537
Contribution to provision	790 139	679 445
Payments made during the year	(198 411)	(1 135 261)
Balance at end of year	2 984 449	2 392 721

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. Which is capped to 48 days leave. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Employee Bonuses

Balance at beginning of year	726 841	512 299
Contribution to provision	1 827 146	1 846 382
Expenditure incurred	(1 822 649)	(1 631 840)
Balance at end of year	731 339	726 841

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

TOTAL - CURRENT EMPLOYEE BENEFITS

Balance at beginning of year	3 612 731	3 824 368
Adjustment from non-current	264 176	29 637
Contribution to provision	2 617 286	2 525 827
Expenditure incurred	(2 021 060)	(2 767 100)
Balance at end of year	4 473 133	3 612 731

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 3 to the Financial Statements, Other Defined Benefit Plan Information

Provisions

	2012 R	2011 R
Current Portion of Rehabilitation of Landfill sites - Refer to note 4	3 575 698	3 405 427
Balance as previously reported	-	-
Transferred from Non-Current Provisions - Refer to note 4	-	3 405 427
Total provisions	3 575 698	3 405 427

TRADE AND OTHER PAYABLES

	2012 R	2011 R
Trade Payables	856 332	5 838 105
Balance as previously reported	-	1 327 817
Transferred from Repairs and Maintenance - Refer to note 32.04	-	592
Transferred from Taxes - Refer to note 32.04	-	13
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32.04	-	2 890 420
Transferred from Accumulated surplus - Refer to note 32.04	-	1 612 840
Transferred from Net Surplus (General Expenses - Advertising and Printing) - Refer to note 32.04	-	6 423
Debtors with credit balances	4 149 235	1 234 825
Balance as previously reported	-	-
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.04	-	1 234 825
Retentions	-	-
Outstanding cheques	399 392	456 166
Balance as previously reported	-	-
Transferred from Cash and Cash Equivalents - Refer to note 32.04	-	456 166
Other Creditors	491 927	4 357 068
Balance as previously reported	-	15 008 197
Transferred to Accumulated Surplus - Refer to note 32.04	-	(3 011 176)
Transferred to Accumulated Surplus - Refer to note 32.04	-	(182 559)
Transferred to Accumulated Surplus - Refer to note 32.04	-	(1 561 648)
Transferred to Accumulated Surplus - Refer to note 32.04	-	(259 913)
Transferred to Accumulated Surplus - Refer to note 32.04	-	(179 703)
Transferred from Accumulated Surplus - Refer to note 32.04	-	(40 603)
Transferred to Net Surplus (Interest Earned - Outstanding Debtors) - Refer to note 32.04	-	(14 720 549)
Transferred to Net Surplus and Taxes (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32.04	-	(248)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32.04	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32.04	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32.04	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32.04	-	3 906
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32.04	-	142 063
Transferred from Accumulated Surplus - Refer to note 32.04	-	(54 239)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.04	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32.04	-	(210 269)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32.04	-	5 151
Deposits: Other	-	834
Total Trade Payables	5 896 885	11 886 998

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Other deposits include hall and other deposits.

All payables are unsecured.

UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**Conditional Grants from other spheres of Government**

Unspent Grants

National Government Grants
Provincial Government Grants
District Municipality
Other Grant Providers

2012
R2011
R

7 009 261

4 262 638

-
-
-
7 009 261

-
-
-
4 262 638

Less: Unpaid Grants

National Government Grants
Provincial Government Grants
District Municipality
Other Grant Providers

4 917 738

7 797 087

4 917 738
-
-
-

7 797 087
-
-
-

Total Conditional Grants and Receipts**2 091 523****(3 534 450)**

Reconciliation of total grants and receipts

Balance previously reported

3 149 392

Correction of error - Refer to note 32.07

385 058

3 534 450

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Equitable share was withheld due to the non-application for the roll-over of the unspent portion on Finance Management Grant and Municipal Systems Improvement Grant.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

TAXES

VAT Receivable /(Payable)

Balance as previously reported
Transferred to Trade and Other Payables - Refer to note 32.05
Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32.05
Transferred to Trade Receivable from Exchange Transactions and Non-Exchange (Stale cheque not cancelled) - Refer to note 32.05
Transferred from Trade and Other Payables (Creditor not raised on 30 June 2011) - Refer to note 32.05
Transferred from Trade and Other Payables (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32.05

2012
R2011
R

10 993 425

12 407 416

-
-
-
-
-
-
-
-

3 111 171
13
(19 786)
(168)
116
(30)
9 316 100

Transferred from Trade Receivable from Exchange Transactions and Non-Exchange (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32.05

Total VAT Receivable / (Payable)

10 993 425**12 407 416**

Contribution to provision for impairment of trade receivables from exchange transactions included in above balance.

11 120 176

VAT is (payable)/receivable on the cash basis.

Please replace this page with the Property, Plant and Equipment note

11	Assets pledged as security:	2012	2011
		R	R
	No assets have been pledged as security.		
	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Infrastructure	408 513	408 513
	Other	245 717	241 837
	Balance as previously reported	-	224 998
	Correction of error - Refer to note 11	-	16 839
		654 230	650 350
	During a verification of the assets listed on the asset register it was determined that the condition of certain assets have deteriorated rather rapidly. Some assets were also found to be in a state of irreparable and thus were impaired.		
	Value of use was determined using the condition and remaining useful life. The condition was adjusted.		
	Cumulative impairment charges included in major balances		
	Infrastructure	408 513	408 513
	Other	245 717	241 837
		654 230	650 350
	Effect of changes in accounting estimates		
	No change in accounting estimate is expected.		
12	INVESTMENT PROPERTY	2012	2011
		R	R
	Investment property as at 30 June	3 536 463	1 188 145
	Net Carrying amount at 1 July	3 536 463	1 188 145
	Cost	3 536 463	1 188 145
	Accumulated Depreciation	-	-
	Acquisitions - Transferred from Property, plant and Equipment	-	2 348 318
	Balance as previously reported	-	-
	Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32.08	-	2 348 318
	Depreciation for the year	-	-
	Net Carrying amount at 30 June	3 536 463	3 536 463
	Cost	3 536 463	3 536 463
	Accumulated Depreciation	-	-
	The fair value of Investment Properties is estimated at:	3 536 463	3 536 463
	Cost	3 536 463	3 536 463
	Accumulated Depreciation	-	-
	Total not previously recognised now restated retrospectively	-	-
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	Revenue derived from the rental of investment property.	130 716	120 994
	Operating expenditure incurred on properties generating revenue	-	-
	Operating expenditure incurred on properties not generating revenue	-	-

13

INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost

Accumulated Amortisation

Acquisitions

Amortisation

Disposals

Net Carrying amount at 30 June

Cost

Accumulated amortisation

2012

R

2011

R

21 237

20 313

28 728

22 331

(7 490)

(2 018)

-

6 397

(5 746)

(5 468)

-

-

15 492

21 242

28 728

28 728

(13 236)

(7 490)

Carrying Value

Description

Remaining Amortisation

Period

R

R

Microsoft Office and Windows software

5

15 492

21 242

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

2012

R

2011

R

257 031

-

257 031

-

-

-

14

LONG TERM RECEIVABLES

Long term Debtors

Less: Provision for Impairment of Long Term Receivables

Total Long Term Receivables

The carrying amount of these assets approximates their fair value.

The provision for Impairment could be allocated to the different classes of Long Term Receivables as follows:

Long term Debtors

Provision for impairment

The provision for impairment of long term receivables is included in the provision for trade receivables.

No discounting was implemented as 100% of the long term receivables were provided for as a provision for bad debts.

2012

R

2011

R

257 031

-

257 031

-

-

-

2012

R

2011

R

257 031

-

257 031

-

-

-

15

INVENTORY

Consumable stores, raw materials, work in progress and finished goods

Water – at cost

Total Inventory

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surplusses identified during the annual stores counts.

Inventory recognised as an expense during the year

No inventory was pledged as security for liabilities.

2012

R

2011

R

912 493

1 567 343

370 548

6 903

1 283 041

1 574 246

2 460

404

267 131

580 756

3 391 971

2 572 483

TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

2012
R2011
R**Service Receivables**

Electricity	8 992 646	5 750 215
Water	31 014 938	23 580 071
Refuse	17 399 937	14 020 260
Sewerage	27 177 375	21 843 245
Other Consumer Arrears	48 046 586	28 478 832

Balance as previously reported	-	30 953 573
Transferred to Accumulated Surplus - Refer to note 32.06	-	(6 000)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(192)
Transferred to Net Surplus and Taxes - Refer to note 32.06	-	1 366
Transferred to Accumulated Surplus - Refer to note 32.06	-	(502 669)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(162 438)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 32.06	-	(348 346)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 32.06	-	(2 384)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32.06	-	(17 240)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32.06	-	(38 556)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32.06	-	(2 193)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32.06	-	(1 519)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32.06	-	(439)
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32.06	-	12 360
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32.06	-	1 233
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32.06	-	23 839
Transferred to Net Surplus (Service Charges) - Refer to note 32.06	-	(235 525)
Transferred to Net Surplus (Other Income - Other) - Refer to note 32.06	-	(6 061)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(174 659)
Transferred to Net Surplus (General Expenses - Bank Charges) - Refer to note 32.06	-	(102 831)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(252 151)
Transferred to Net Surplus (General Expenses - Telephone) - Refer to note 32.06	-	(278 758)
Transferred to Net Surplus (General Expenses - Fuel) - Refer to note 32.06	-	(9 338)
Transferred from Net Surplus (Agency Services) - Refer to note 32.06	-	92 051
Transferred to Accumulated Surplus - Refer to note 32.06	-	(491 725)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32.06	-	
	-	3 906
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.06	-	1 234 825
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32.06	-	(1 211 294)

Other Recoverable Arrears

1 046 633

597 313

Balance as previously reported	-	(2 846 476)
Transferred to Net Surplus (Creditor double raised) - Refer to note 32.06	-	141 327
Transferred to Taxes (Creditor double raised) - Refer to note 32.06	-	19 786
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32.06	-	
	-	2 890 420
Transferred to Accumulated Surplus - Refer to note 32.06	-	(281)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(2 335)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(2 445)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(1 801)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(340 258)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32.06	-	
	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32.06	-	
	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32.06	-	
	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32.06	-	
	-	142 063
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32.06	-	1 211 294
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.06	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32.06	-	(242 963)
Transferred to Net Surplus (Salary consumer - service charges) - Refer to note 32.06	-	(411 147)
Transferred to Net Surplus (General expenses - Telephone) - Refer to note 32.06	-	(67 579)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32.06	-	
	-	5 151
Transferred to Taxes (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32.06	-	(9 316 100)

Outstanding Deposits

300

13 896

Balance previously reported	-	-
Transferred from Cash and Cash Equivalents - Refer to note 32.06	-	13 896

Total Service Receivables

133 678 415

94 283 833

Provision for Impairments

(120 007 181)

(81 406 411)

Net Service Receivables

13 671 234

12 877 421

The fair value of receivables approximate their carrying value.

	2012 R	2011 R
TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
Ageing of Receivables from Exchange Transactions		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	2 947 450	2 266 327
31 - 60 Days	965 172	493 082
61 - 90 Days	875 123	244 265
+ 90 Days	4 204 902	2 746 542
Total	8 992 646	5 750 216
	2012 R	2011 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 321 705	1 565 355
31 - 60 Days	901 511	1 136 132
61 - 90 Days	990 323	1 837 293
+ 90 Days	27 801 399	19 041 292
Total	31 014 938	23 580 072
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	386 700	407 016
31 - 60 Days	332 749	353 253
61 - 90 Days	325 788	340 452
+ 90 Days	16 354 699	12 919 539
Total	17 399 937	14 020 260
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	625 059	673 052
31 - 60 Days	514 800	565 510
61 - 90 Days	503 770	548 403
+ 90 Days	25 533 746	20 056 280
Total	27 177 375	21 843 245
<u>(Other Consumer): Ageing</u>		
Current (0 - 30 days)	1 464 880	1 036 942
31 - 60 Days	1 145 050	690 431
61 - 90 Days	1 115 052	699 012
+ 90 Days	44 321 604	26 052 448
Total	48 046 586	28 478 832
Reconciliation of Provision for Bad Debts for Exchange transactions		
Balance at beginning of year	81 406 411	63 612 130
Contribution to provision/(Reversal of provision)	38 600 769	17 794 281
Bad Debts Written Off	-	-
Balance at end of year	120 007 181	81 406 411
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Electricity	4 204 902	2 746 542
Water	27 801 399	19 041 292
Refuse	16 354 699	12 919 539
Sewerage	25 533 746	20 056 280
Other	46 112 435	26 642 758
	120 007 181	81 406 411

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2012 R	2011 R
Receivables		
Rates	14 520 121	12 241 001
Total Receivables	14 520 121	12 241 001
Provision for Impairments	(13 297 492)	(11 269 307)
Net Receivables	1 222 629	971 695
Total Net Receivables from Non-Exchange Transactions	1 222 629	971 695

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	592 804	506 805
31 - 60 Days	335 582	250 749
61 - 90 Days	294 243	214 141
+ 90 Days	13 297 492	11 269 307
Total	14 520 121	12 241 001

Reconciliation of Provision for Bad Debts for Non-exchange transactions

Balance at beginning of year	11 269 307	-
Contribution to provision/(Reversal of provision)	2 028 185	11 269 307
Bad Debts Written Off	-	-
Balance at end of year	13 297 492	11 269 307

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R 1 239 922 (2011 - R0) have arranged to settle their account over an re-negotiated period. Total payments to the value of R 257 031 (2011 - R 0) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

Refer to note 14 for balances deferred beyond 12 months from year end.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

CURRENT INVESTMENTS

	2012 R	2011 R
Fixed Deposits	-	8 759 612
Total Current Investments	-	8 759 612

Fixed Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.82% % to 6.35 % per annum.

Fixed deposits consist out of the following accounts

Leave Investment - Standard Bank - 048559032-001	-	1 707 487
Fixed Deposit - Standard Bank - 048559032-005	-	7 052 125
	-	8 759 612

CASH AND CASH EQUIVALENTS

Assets

Call and short-term Investments Deposits	26 441 818	8 013 504
Primary Bank Account	10 036 877	1 583 035
Balance as previously reported	-	1 140 765
Transferred to Trade and Other Payables - Outstanding cheques - Refer to note 32.03	-	456 166
Transferred to Trade Receivables from Exchange Transactions - Outstanding deposits - Refer to note 32.03	-	(13 896)
CRR - Bank account	943 771	943 771
Cash Floats	1 395	1 395
Balance as previously reported	-	1 955
Transferred to Accumulated Surplus - Refer to note 32.03	-	(160)
Transferred to Accumulated Surplus - Refer to note 32.03	-	(400)
Total Cash and Cash Equivalents - Assets	37 423 861	10 541 706

CASH AND CASH EQUIVALENTS (continued)**2012**
R**2011**
R

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R26 236 336 are held to fund the Unspent Conditional Grants (2011: R16 773 117).

The municipality has a guarantee of R95 000 relating to Eskom, contract number 31170209875 with no expiry date.

The Municipality has a limited cession over the ABSA investment account 2057015909.

Undrawn facilities held with ABSA bank include the following:

GBF: Overnight R 1 000 000
GAR: R 95 000
Fleet card: R 5 000
ATFS: R 43 000

The municipality has the following bank accounts:

Current Accounts

ABSA Bank - Hartswater Branch - Account Number 1930000309
ABSA Bank - Hartswater Branch - Account Number 1930000317

10 036 877
943 771

1 583 035
943 771

10 980 648

2 526 806

ABSA Bank - Hartswater Branch - Account Number 1930000309

Cash book balance at beginning of year
Cash book balance at end of year

1 140 765
9 637 785

(7 950 249)
1 140 765

Bank statement balance at beginning of year
Bank statement balance at end of year

1 583 035
10 036 877

1 351 320
1 583 035

ABSA Bank - Hartswater Branch - Account Number 1930000317

Cash book balance at beginning of year
Cash book balance at end of year

943 771
943 771

943 771
943 771

Bank statement balance at beginning of year
Bank statement balance at end of year

943 770
943 770

943 770
943 770

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Leave Investment - Standard Bank - 048559032-001
Fixed Deposit - Standard Bank - 048559032-005
General Call - Projects ABSA Bank - 911851699
Investment Projects - ABSA Bank - 2062421535
General Replacement Reserve - ABSA Bank - 2057015909
32 Day Notice Deposit - Standard Bank - 048559032 - 009
Fixed Deposit - Standard Bank - 048559032-006
Fixed Deposit - Standard Bank - 048559032-007

1 834 015
7 539 453
4 893 587
-
1 626 266
1 043
5 273 727
5 273 727

-
-
3 704 307
2 766 392
1 542 805
-
-
-

26 441 818

8 013 504

2012
R**2011**
R

20

PROPERTY RATES**Actual****Rateable Land and Buildings**

Residential Property
Commercial Property
Agricultural Purposes
State - National / Provincial Services
Transnet

7 926 865

7 192 024

4 468 739
2 076 047
962 588
419 491
-

4 046 510
1 879 891
871 638
379 855
14 130

Less: Rebates

-

-

Total Assessment Rates

7 926 865

7 192 024

Valuations**Rateable Land and Buildings**

Residential Property
Commercial Property
Church
Industrial Property
Agricultural Purposes
State - National / Provincial Services
Municipal Property
Transnet

1 537 331 000

1 463 764 709

627 264 400
84 305 400
54 200 000
3 609 000
726 449 000
19 280 900
22 222 300
-

381 541 389
185 829 240
-
47 995 102
709 405 500
73 170 000
64 663 678
1 159 800

Total Assessment Rates

1 537 331 000

1 463 764 709

PROPERTY RATES (continued)

A General Valuation was performed during the prior year effective from 1 July 2009. No interim valuations were performed.

Assessment Rates are levied on the value of land and improvements.

A rate in the rand for Transnet of R0.01204, Commercial and Industrial of R0.0172, Residential Pensioners of R0.0043, Agricultural of R0.0010755 and all other at R0.01032 was charged on the total valuation.

A Rebate was granted on the value of residential properties - R15 000.
Rates of Indigent Household are subsidised on a value of the first R15 000.

Rates are levied monthly and payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates on Income - Basic Rate:

Residential	0.00688c/R	0.90c/R
Residential Pensioners	0.0129c/R	0.38c/R
Commercial & Industrial	0c/R	1.5c/R
Agricultural	0.0129c/R	0.90c/R
State - National / Provincial Services	0.00688c/R	0.90c/R
Transnet	0c/R	1.05c/R

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

21

GOVERNMENT GRANTS AND SUBSIDIES**Unconditional Grants**

Equitable Share - Refer to Note 21.1

Conditional Grants

DWAF Grant
Other Grants

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

The municipality does not expect any significant changes to the level of grants.
Equitable share was held back in 2011/12 to the amount of R417 000 due to the non-application for the rollover of the unspent portion on MSIG and FMG grants as at 30 June 2011.
See Appendix F for more details in terms of Section 123 of the MFMA.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	56 299 000	50 646 403
Executive & Council	943 152	825 231
Budget & Treasury	1 137 706	1 205 916
Corporate Services	2 563 736	12 294 020
Planning & Development	-	-
Health	-	-
Community & Social Services	599 879	795 000
Housing	-	-
Public Safety	-	-
Sport & Recreation	27 770	-
Environmental Protection	-	-
Waste Management	-	-
Waste Water Management	5 615 725	1 936 974
Road Transport	3 638 064	6 563 014
Water	11 196 669	23 837 225
Electricity	2 184 000	296 400
	84 205 700	98 400 183

21.1 Equitable share

Opening balance	-	-
Grants received	56 299 000	50 646 403
Conditions met - Operating	(56 299 000)	(50 646 403)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2 Health Subsidy

Opening balance	-	-
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-

Health subsidies was used fund primary health care services in the municipal area.

GOVERNMENT GRANTS AND SUBSIDIES (continued)

	2012 R	2011 R
21.3 Local Government Financial Management Grant (FMG)		
Opening balance	40 192	49 691
Grants received	1 500 000	1 250 000
Conditions met - Operating	(1 137 706)	(1 259 499)
Conditions still to be met	402 486	40 192
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
21.4 Municipal Systems Improvement Grant		
Opening balance	344 304	419 535
Grants received	790 000	750 000
Conditions met - Operating	(943 152)	(825 231)
Conditions still to be met	191 152	344 304
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
21.5 Municipal Infrastructure Grant (MIG)		
Opening balance	(4 128 210)	(4 449 570)
Grants received	21 735 000	14 072 000
Conditions met - Capital	(18 855 651)	(13 750 639)
Grant expenditure to be recovered	(1 248 861)	(4 128 210)
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
21.6 Housing Grants		
Opening balance	1 001 426	2 774 886
Balance Previously Reported	-	2 834 186
Transferred to Accumulated Surplus - Refer to note 32.07	-	(59 300)
Grants received	4 638 949	26 301 351
Conditions met - Operating	-	(11 923 416)
Balance Previously Reported	-	-
Transferred to Net Surplus - Refer to note 32.07	-	(11 923 416)
Conditions met - Capital	(2 563 736)	(16 151 394)
Balance Previously Reported	-	(28 074 810)
Transferred to Net Surplus - Refer to note 32.07	-	11 923 416
Conditions still to be met	3 076 640	1 001 426
Housing grants was utilised for the development of erven and the erection of top structures.		
21.7 Integrated National Electrification Grant		
Opening balance	(1 044 260)	(910 860)
Grants received	2 184 000	163 000
Conditions met - Capital	(2 184 000)	(296 400)
Grant expenditure to be recovered	(1 044 260)	(1 044 260)
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
21.8 Other Grants		
Opening balance	252 097	2 636 297
Balance Previously Reported	-	2 962 055
Transferred to Accumulated Surplus - Refer to note 32.07	-	(3 497)
Transferred to Accumulated Surplus - Refer to note 32.07	-	(213 727)
Transferred to Accumulated Surplus - Refer to note 32.07	-	(137 581)
Transferred to Accumulated Surplus - Refer to note 32.07	-	(5 418)
Transferred to Accumulated Surplus - Refer to note 32.07	-	(3 546)
Transferred from Accumulated Surplus - Refer to note 32.07	-	20 453
Transferred to Accumulated Surplus - Refer to note 32.07	-	(53 315)
Transferred to Accumulated Surplus - Refer to note 32.07	-	(1 053)
Transferred from Accumulated Surplus - Refer to note 32.07	-	50 585
Transferred from Accumulated Surplus - Refer to note 32.07	-	21 341
Grants received	2 684 723	1 163 000
Conditions met - Operating	(2 107 555)	(1 163 000)
Conditions met - Capital	(114 901)	(2 384 199)
Conditions still to be met	714 365	252 097
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
21.9 Total Grants		
Opening balance	(3 534 450)	519 978
Grants received	89 831 672	94 345 754
Conditions met - Operating	(60 487 412)	(65 817 550)
Conditions met - Capital	(23 718 288)	(32 582 633)

Conditions still to be met/(Grant expenditure to be recovered)

2 091 521

(3 534 450)

GOVERNMENT GRANTS AND SUBSIDIES (continued)

Disclosed as follows:

Unspent Conditional Government Grants and Receipts
 Unpaid Conditional Government Grants and Receipts

2012 R	2011 R
7 009 261	4 262 638
(4 917 738)	(7 797 087)
2 091 523	(3 534 450)

22

SERVICE CHARGES**Electricity**

Service Charges
Less: Rebates

47 649 762 **38 435 593**

48 721 209	38 687 503
(1 071 447)	(251 910)

Water

Service Charges
Less: Rebates

18 566 439 **13 418 395**

18 651 884	13 861 105
(85 445)	(442 710)

Refuse Removal

Service Charges
Less: Rebates

4 727 399 **4 918 014**

5 340 551	5 185 029
(613 153)	(267 015)

Sewerage and Sanitation Charges

Service Charges
Less: Rebates

6 111 371 **5 326 993**

8 672 873	7 810 950
(2 561 502)	(2 483 958)

Total Service Charges

77 054 971 **62 098 995**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23

OTHER INCOME

Building Plan Fees
 Burial Fees
 Consumer Connections
 Commission
 Other
 Plant Hire
 Raw Water
 Refunds
 Sale of Erven
 Sundries
 Insurance

2012 R	2011 R
18 386	22 673
79 273	74 200
29 774	72 931
59 372	56 765
41 617	471 647
400	-
14 198	2 736
214 274	44 668
273 794	2 850
1 234 093	409 900
-	37 431
1 965 179	1 195 802

Total Other Income

EMPLOYEE RELATED COSTS

	2012 R	2011 R
Employee Related Costs - Salaries and Wages	25 797 858	22 693 337
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 318 830	5 246 151
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 113 232	1 160 201
Housing Benefits and Allowances	213 188	206 345
Overtime Payments	918 059	947 553
Bonuses	1 827 146	1 846 382
Other Payments	390 778	319 894
Provision for leave	790 139	679 445
Contribution to provision - Long Service Awards - Note 4 and 6	249 737	32 829
Contribution to provision - Post Retirement Medical - Note 4 and 6	226 956	(36 840)
Total Employee Related Costs	37 845 924	33 095 297

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager - Mr MP Dichaba**

Annual Remuneration	525 321	495 586
Motor vehicle Allowance	149 272	141 686
Cell phone Allowance	7 632	7 200
Housing Subsidy	-	-
Annual Bonus	-	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	112 774	105 528
Total	795 000	750 000

Remuneration of the Chief Finance Officer - Mr TP Sediti

Annual Remuneration	413 400	392 708
Motor vehicle Allowance	79 500	75 000
Housing Allowance	58 023	56 289
Annual Bonus	34 450	29 792
Contributions to UIF, Medical and Pension Funds	104 036	96 211
Total	689 409	650 000

Remuneration of Director : Technical Services

Annual Remuneration	-	300 625
Motor vehicle Allowance	-	103 781
Cell phone Allowance	-	5 000
Annual Bonus	-	32 500
Contributions - UIF, Medical, Pension, Bargaining Council Levy	-	80 811
Leave paid	-	54 600
Total	-	577 317

EMPLOYEE RELATED COSTS (continued)

	2012 R	2011 R
Remuneration of Director : Community Services		
Annual Remuneration	-	-
Motor vehicle Allowance	-	-
Cell phone Allowance	-	-
Group Scheme Insurance	-	-
Annual Bonus	-	-
Leave pay	-	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	-	-
Total	-	-
Remuneration of Director : Corporate Services - Mr MA Motswana		
Annual Remuneration	399 061	376 572
Motor vehicle Allowance	79 500	75 000
Housing Allowance	73 846	
Cell phone Allowance	6 360	6 000
Annual Bonus	33 255	31 273
Contributions - UIF, Medical, Pension, Bargaining Council Levy	96 978	90 023
Total	689 000	578 868

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REMUNERATION OF COUNCILLORS

	2012 R	2011 R
Mayor	611 695	660 908
Speaker	488 621	208 916
Executive Committee Members	757 221	506 036
Councillors	2 560 004	3 077 991
Other Councillors' contributions and allowances	493 914	-
Total Councillors' Remuneration	4 911 455	4 453 852

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

		2012 R	2011 R
26	DEBT IMPAIRMENT		
	Receivables - Note 16	40 628 954	29 063 588
	Total Contribution to Bad Debts Provision	40 628 954	29 063 588
	Less: Portion Relating to VAT - Refer to note 10	(11 120 176)	-
	Debt impairment recognised in statement of financial performance	29 508 778	29 063 588
27	IMPAIRMENTS		
	Property, Plant and Equipment	-	633 511
	Landfill sites	3 880	16 839
		3 880	650 350
	Property, plant and equipment was impaired due to the assessment of the condition of the assets and adjusted accordingly.		
	Land fill sites are impaired due to changes in the interest rates on the Land fill provision.		
28	FINANCE CHARGES		
	External Interest	1 364 436	1 088 568
	Total finance charges	1 364 436	1 088 568
29	BULK PURCHASES		
	Electricity	27 070 672	26 491 565
	Water	14 820 321	14 885 778
	Total Bulk Purchases	41 890 993	41 377 343
30	GRANTS AND SUBSIDIES		
	Sedibeng indigent support paid to external service provider	1 025 286	1 210 850
	Financial Management Grant	1 064 089	1 337 613
	Municipal Systems Improvement Grant	827 326	539 663
	Library Grant	340 958	82 942
	Other Grants	-	11 923 416
	Total Grants and Susidies	3 257 659	15 094 485
	Operating grant expenditure per vote		
	Executive & Council	827 326	539 663
	Budget & Treasury	1 064 089	1 337 613
	Corporate Services	-	11 923 416
	Community & Social Services	340 958	82 942
	Water	1 025 286	1 210 850
	Total Operating grant expenditure	3 257 659	15 094 485
		2012 R	2011 R
31	GENERAL EXPENSES		
	Sedibeng O&M contribution	2 743 818	4 977 983
	Fuel	1 370 513	1 132 271
	Telephone	1 114 477	906 866
	Legal Cost	672 335	413 300
	Audit Fees	1 964 181	2 360 907
	Lease	406 796	492 851
	Subsistence and Travelling	1 152 473	623 853
	Bank Charges	469 954	575 125
	Waterpurification	1 226 928	833 053
	Land Survey Cost	307 845	433 635
	Advertising, Printing and Stationary	814 235	849 495
	Security	1 134 292	646 592
	Sewerage Removal	18 646	201 902
	Social Responsibility	302 818	129 313
	Postage	231 128	155 888
	Credit Control Improvement	1 060 855	404 402
	Membership Fees	394 287	232 542
	Ward Committee Expenses	783 836	342 900
	Valuation Cost	902 446	1 198 399
	Licences	539 228	90 716
	Fines	44 815	120 000
	Insurance General	491 408	356 251
	Training	186 194	-
	Other	1 450 592	3 177 081
	Electricity charges	1 330 200	-
	Cleaning costs	54 977	-
	Assets uncleared	934 234	-
		22 103 510	20 655 325

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This includes items such as telecommunications and consulting fees.

		2012 R	2011 R
32	CORRECTION OF ERROR IN TERMS OF GRAP 3		
32.01	NON-CURRENT PROVISION		
	Balance previously reported	-	660 200
	Correction of recognition of capitalised restoration costs 30 June 2010 - Refer to note 32.02	-	927 856
	Correction of unwinding of interest for the year 30 June 2011 - Refer to note 33	-	164 678
	Correction of unwinding of interest for the years ended 30 June 2010 - Refer to note 32.09	-	2 465 481
		-	4 218 215
		2012 R	2011 R
32.02	PROPERTY, PLANT AND EQUIPMENT		
	Balance previously reported - Property, plant and equipment	-	182 759 603
	Correction of recognition of capitalised restoration costs 30 June 2010 - Refer to note 32.01	-	927 856
	Transferred to Depreciation and Amortisation - Recognition of Depreciation for the year ended 30 June 2011 - Refer to note 33	-	(60 597)
	Transferred to Depreciation and Amortisation - Recognition of Impairment for the year ended 30 June 2011 - Refer to note 33	-	(9 483)
	Transferred to Accumulated Surplus - Recognition of Depreciation and Impairment for the years ended 30 June 2010 - Refer to note 32.09	-	(914 728)
	Correction of disclosure of additions between Infrastructure Water and Sewerage - Refer to note 11	-	25 183 402
	Correction of disclosure of additions between Infrastructure Water and Sewerage - Refer to note 11	-	(25 183 402)
	Transferred to Operating Grant expenditure - Refer to note 32.07	-	(11 923 416)
	Transferred from Accumulated Surplus (Correction of purchase date of assets) - Refer to note 32.09	-	1 538 945
	Transferred to Net Surplus (Correction of purchase date of assets) - Refer to note 33	-	(203 445)
	Transferred from Accumulated Surplus (Correction of purchase cost of assets) - Refer to note 32.09	-	295 756
	Transferred from Accumulated Surplus (Correction of purchase cost of assets) - Refer to note 32.09	-	230
	Transferred to Net Surplus (Correction of Depreciation charge) - Refer to note 33	-	(5 765)
	Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32.08	-	(2 348 318)
		-	170 056 638
32.03	CASH AND CASH EQUIVALENTS		
	Balance previously reported	-	10 099 995
	Transferred to Accumulated Surplus (Cash floats correction) - Refer to note 32.09	-	(160)
	Transferred to Accumulated Surplus (Theft of cash float) - Refer to note 32.09	-	(400)
	Transferred to Trade and Other Payables (Outstanding cheques not disclosed separately) - Refer to note 32.04	-	456 166
	Transferred to Trade Receivables from Exchange Transactions (Outstanding deposits not disclosed correctly separately) - Refer to note 32.06	-	(13 896)
		-	10 541 706

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)		2012	2011
		R	R
32.04	TRADE AND OTHER PAYABLES		
	Balance previously reported	-	16 336 849
	Transferred from Repairs and Maintenance - Refer to note 33	-	592
	Transferred from Taxes - Refer to note 32.05	-	13
	Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32.06	-	2 890 420
	Transferred from Accumulated surplus - Refer to note 32.09	-	1 612 840
	Transferred to Accumulated surplus - Refer to note 32.09	-	(3 011 176)
	Transferred to Accumulated surplus - Refer to note 32.09	-	(182 559)
	Transferred to Accumulated surplus - Refer to note 32.09	-	(1 561 648)
	Transferred to Cash and Cash Equivalents (Outstanding cheques) Refer to note 32.03	-	456 166
	Transferred to Accumulated surplus - Refer to note 32.09	-	(259 913)
	Transferred to Accumulated surplus - Refer to note 32.09	-	(179 703)
	Transferred from Accumulated surplus - Refer to note 32.09	-	(40 603)
	Transferred to Net Surplus (Interest Earned - Outstanding Debtors) - Refer to note 33	-	(14 720 549)
	Transferred from Net Surplus (Creditor not raised 30 June 2011 - General Expenses - Advertising and Printing) - Refer to note 33	-	6 307
	Transferred from Taxes (Creditor not raised in 30 June 2011) - Refer to note 32.05	-	116
	Transferred to Taxes (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32.05	-	(30)
	Transferred to Net Surplus (Repairs and Maintenance) (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 33	-	(217)
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32.06	-	9 316 100
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32.06	-	24 958
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32.06	-	78 940
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32.06	-	3 906
	Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.06	-	1 234 825
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32.06	-	142 063
	Transferred to Accumulated surplus (Income recognised in 2009/2010 - Refer to note 32.09	-	(54 239)
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.06	-	(1 340)
	Transferred to Accumulated Surplus - Refer to note 32.09	-	(210 269)
	Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32.06	-	5 151
		-	11 886 998
32.05	TAXES		
	Balance previously reported	-	3 111 171
	Transferred to Trade and Other Payables - Refer to note 32.04	-	13
	Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32.06	-	(19 786)
	Transferred from Trade Receivables From Exchange Transactions and Non-Exchange - Refer to note 32.06	-	(168)
	Transferred from Trade and Other Payables (Creditor not raised on 30 June 2011) - Refer to note 32.04	-	116
	Transferred from Trade and Other Payables (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32.04	-	(30)
	Transferred from Trade Receivable from Exchange Transactions and Non-Exchange (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32.06	-	9 316 100
		-	12 407 416

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

2012
R2011
R

32.06 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE

Balance previously reported	-	11 894 477
Transferred to Net Surplus (Creditor double raised) - Refer to note 33	-	141 327
Transferred to Taxes (Creditor double raised) - Refer to note 32.05	-	19 786
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32.04	-	2 890 420
Transferred to Accumulated Surplus - Refer to note 32.09	-	(6 000)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(192)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(281)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(2 335)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(2 445)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(1 801)
Transferred to Cash and Cash Equivalents (Outstanding Deposits) Refer to note 32.03	-	13 896
Transferred from Net Surplus (Stale cheque not cancelled) - Refer to note 33	-	1 198
Transferred from Taxes (Stale cheque not cancelled) - Refer to note 32.05	-	168
Transferred to Accumulated Surplus - Refer to note 32.09	-	(502 669)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(162 438)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(340 258)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 33	-	(348 346)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 33	-	(2 384)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(17 240)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(38 556)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(2 193)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(1 519)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(439)
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	12 360
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	1 233
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	23 839
Transferred to Net Surplus (Service Charges) - Refer to note 33	-	(235 525)
Transferred to Net Surplus (Other Income - Other) - Refer to note 33	-	(6 061)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(174 659)
Transferred to Net Surplus (General Expenses - Bank Charges) - Refer to note 33	-	(102 831)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(252 151)
Transferred to Net Surplus (General Expenses - Telephone) - Refer to note 33	-	(278 758)
Transferred to Net Surplus (General Expenses - Fuel) - Refer to note 33	-	(9 338)
Transferred from Net Surplus (Agency Services) - Refer to note 33	-	92 051
Transferred to Accumulated Surplus - Refer to note 32.09	-	(491 725)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32.04	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32.04	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32.04	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32.04	-	3 906
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.04	-	1 234 825
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32.04	-	142 063
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32.06	-	1 211 294
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32.06	-	(1 211 294)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32.04	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32.09	-	(242 963)
Transferred to Net Surplus (Salary consumer - service charges) - Refer to note 33	-	(411 147)
Transferred to Net Surplus (General expenses - Telephone) - Refer to note 33	-	(67 579)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32.04	-	5 151
Transferred to Taxes (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32.05	-	(9 316 100)
	-	12 877 421

32.07 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Balance previously reported	-	3 149 392
Transferred to Accumulated Surplus - Refer to note 32.09	-	3 497
Transferred to Accumulated Surplus - Refer to note 32.09	-	213 727
Transferred to Accumulated Surplus - Refer to note 32.09	-	59 300
Transferred to Accumulated Surplus - Refer to note 32.09	-	137 581
Transferred to Accumulated Surplus - Refer to note 32.09	-	5 418
Transferred to Accumulated Surplus - Refer to note 32.09	-	3 546
Transferred from Accumulated Surplus - Refer to note 32.09	-	(20 453)
Transferred to Accumulated Surplus - Refer to note 32.09	-	53 315
Transferred to Accumulated Surplus - Refer to note 32.09	-	1 053
Transferred from Accumulated Surplus - Refer to note 32.09	-	(50 585)
Transferred from Accumulated Surplus - Refer to note 32.09	-	(21 341)
Transferred from Net Surplus (Capital expenditure to Operating expenditure) - Refer to note 33	-	11 923 416
Transferred to Net Surplus (Capital expenditure to Operating expenditure) - Refer to note 33	-	(11 923 416)
	-	3 534 450

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)		2012	2011
		R	R
32.08	INVESTMENT PROPERTY		
	Balance previously reported	-	1 188 145
	Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32.02	-	2 348 318
		-	3 536 463
32.09	ACCUMULATED SURPLUS		
	Balance previously reported		188 550 727
	Transferred to Non-Current Provision for unwinding of interest - Refer to note 32.01	-	(2 465 481)
	Transferred to Property, plant and equipment - Recognition of Depreciation and Impairment for the years ended 30 June 2010 - Refer to note 32.02	-	(914 728)
	Transferred from Cash and Cash Equivalents (Cash float correction) - Refer to note 32.03	-	(160)
	Transferred from Cash and Cash Equivalents (Cash float correction) - Refer to note 32.03	-	(400)
	Transferred to Trade and Other Payables - Refer to note 32.04	-	(1 612 840)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(6 000)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(192)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(281)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(2 335)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(2 445)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(1 801)
	Transferred from Trade and Other Payables - Refer to note 32.04	-	3 011 176
	Transferred from Trade and Other Payables - Refer to note 32.04	-	182 559
	Transferred from Trade and Other Payables - Refer to note 32.04	-	1 561 648
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	3 497
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	213 727
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	59 300
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	137 581
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	5 418
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	3 546
	Transferred to Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	(20 453)
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	53 315
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	1 053
	Transferred to Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	(50 585)
	Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32.07	-	(21 341)
	Transferred from Trade and Other Payables - Refer to note 32.04	-	259 913
	Transferred from Trade and Other Payables - Refer to note 32.04	-	179 703
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(502 669)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(162 438)
	Transferred to Trade and Other Payables - Refer to note 32.04	-	40 603
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(340 258)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(174 659)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(252 151)
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(491 725)
	Transferred to Trade and Other Payables - Refer to note 32.04	-	54 239
	Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32.06	-	(242 963)
	Transferred from Trade and Other Payables - Refer to note 32.04	-	210 269
	Transferred to Property, Plant and Equipment (Correction of purchase date of assets) - Refer to note 32.02	-	1 538 945
	Transferred from Property, Plant and Equipment (Correction of purchase cost of assets) - Refer to note 32.02	-	295 756
	Transferred from Property, Plant and Equipment (Correction of purchase cost of assets) - Refer to note 32.02	-	230
		-	189 097 299

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

2012
R2011
R

33

RECONCILIATION OF NET SURPLUS FOR THE YEAR

Balance previously reported	-	20 876 099
Transferred to Non-Current Provision for Unwinding of interest 2011 Refer to note 32.01	-	(164 678)
Transferred to Property, plant and equipment - Recognition of Depreciation for the year ended 30 June 2011 - Refer to note 32.02	-	(9 483)
Transferred to Property, plant and equipment - Recognition of Impairment for the year ended 30 June 2011 - Refer to note 32.02	-	(60 597)
Transferred to Trade and Other Payables - Refer to note 32.04	-	(592)
Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32.06	-	141 327
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Stale cheque not cancelled) - Refer to note 32.06	-	1 198
Transferred from Trade and Other Payables (Interest Earned - Outstanding Debtors - Journal incorrectly reversed) - Refer to note 32.04	-	14 720 549
Transferred to Service Charges for Interest Earned Outstanding Debtors (Correction of Refuse incorrectly billed, incorrectly reversed) - Refer to note 33	-	(15 161 637)
Transferred from Interest Earned - Outstanding Debtors to Service Charges (Correction of Refuse incorrectly billed, incorrectly reversed) - Refer to note 33	-	15 161 637
Transferred to Trade and Other Payables (Creditor not raised 30 June 2011) - Refer to note 32.04	-	(6 307)
Transferred from Trade and Other Payables (Creditor raised 30 June 2010 and paid in 2011) - Refer to note 32.04	-	217
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Insurance General) - Refer to note 32.06	-	(348 346)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Insurance General) - Refer to note 32.06	-	(2 384)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32.06	-	(17 240)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32.06	-	(38 556)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32.06	-	(2 193)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32.06	-	(1 519)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32.06	-	(439)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32.06	-	12 360
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32.06	-	1 233
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32.06	-	23 839
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Service Charges) - Refer to note 32.06	-	(235 525)
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Other) - Refer to note 32.06	-	(6 061)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Bank Charges) - Refer to note 32.06	-	(102 831)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Telephone) - Refer to note 32.06	-	(278 758)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Fuel) - Refer to note 32.06	-	(9 338)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Agency Services) - Refer to note 32.06	-	92 051
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	82 942
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(82 942)
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	1 337 613
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(1 337 613)
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	539 663
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(539 663)
Reclassification of Other revenue - Other to Other Revenue - Commission - Refer to note 33	-	(56 765)
Reclassification of Other revenue - Other to Other Revenue - Commission - Refer to note 33	-	56 765
Reclassification of Other revenue - Other to Other Revenue - Burial Fees - Refer to note 33	-	(74 200)
Reclassification of Other revenue - Other to Other Revenue - Burial Fees - Refer to note 33	-	74 200
Reclassification of Other revenue - Other to Other Revenue - Refunds - Refer to note 33	-	(44 668)
Reclassification of Other revenue - Other to Other Revenue - Refunds - Refer to note 33	-	44 668
Reclassification of General Expenses - Other to General Expenses - Sewerage Removal - Refer to note 33	-	201 902
Reclassification of General Expenses - Other to General Expenses - Sewerage Removal - Refer to note 33	-	(201 902)
Reclassification of General Expenses - Other to General Expenses - Lease - Refer to note 33	-	235 743
Reclassification of General Expenses - Other to General Expenses - Lease - Refer to note 33	-	(235 743)
Reclassification of General Expenses - Other to General Expenses - Credit Control Improvement - Refer to note 33	-	404 402
Reclassification of General Expenses - Other to General Expenses - Credit Control Improvement - Refer to note 33	-	(404 402)
Reclassification of General Expenses - Other to General Expenses - Ward Committee Expenses - Refer to note 33	-	342 900
Reclassification of General Expenses - Other to General Expenses - Ward Committee Expenses - Refer to note 33	-	(342 900)

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

	2012 R	2011 R
Reclassification of General Expenses - Other to General Expenses - Social Responsibility - Refer to note 33	-	129 313
Reclassification of General Expenses - Other to General Expenses - Social Responsibility - Refer to note 33	-	(129 313)
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	155 888
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	(155 888)
Reclassification of General Expenses - Other to General Expenses - Licences - Refer to note 33	-	90 716
Reclassification of General Expenses - Other to General Expenses - Licences - Refer to note 33	-	(90 716)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Service charges) - Refer to note 32.06	-	(376 347)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Property taxes) - Refer to note 32.06	-	(34 801)
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Telephone) - Refer to note 32.06	-	(67 579)
Transferred from Property, Plant and Equipment (Correction of purchase date of assets - Depreciation charge) - Refer to note 32.02	-	(203 445)
Transferred to Property, Plant and Equipment (Correction of Depreciation charge) - Refer to note 32.02	-	(5 765)
Transferred to Property, Plant and Equipment (Correction of Classification of Expenditure from Capital to Operating expenditure) - Refer to note 32.07		(11 923 416)
	-	21 972 673
	2012 R	2011 R

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RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the year	30 288 977	21 972 673
Adjustments for:		
Depreciation	6 913 821	6 429 198
(Gain) / Loss on disposal of property, plant and equipment	-	(279 116)
Impairments	3 880	650 350
Contribution from/to provisions - Non-Current	1 916 173	1 246 457
Contribution from/to provisions - Non-Current - Expenditure incurred	(493 169)	(463 532)
Contribution from/to provisions - Non-Current - Actuarial losses	1 056 197	3 482 490
Contribution from/to provisions - Non-Current - Actuarial gains	-	-
Contribution to provisions – current	2 617 286	2 525 827
Contribution to provisions – current - Expenditure incurred	(2 021 060)	(2 767 100)
Contribution to provisions – Bad debt	40 628 954	29 063 588
Bad debts written off	-	-
Operating lease income accrued	-	-
Error corrections	561 601	(14 168 906)
Investment income	(1 715 129)	(846 086)
Interest paid	1 364 436	1 088 568
Operating Surplus before changes in working capital	81 121 968	47 934 410
Changes in working capital	(40 332 645)	(2 298 249)
Increase/(Decrease) in Trade and Other Payables	(5 990 113)	(648 234)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 746 623	(2 768 021)
Increase/(Decrease) in Unpaid Conditional Government Grants and Receipts	2 879 349	(1 286 407)
(Increase)/Decrease in Taxes	1 413 991	(3 003 977)
(Increase)/Decrease in Inventory	291 205	(720 726)
(Increase)/Decrease in Trade Receivables from exchange transactions and non-exchange	(41 673 701)	6 129 116
Cash generated by operations	40 789 322	45 636 160

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CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Refer to Note 19	26 441 818	8 013 504
Cash Floats - Refer to Note 19	1 395	1 395
Bank - Refer to Note 19	943 771	943 771
Bank - Refer to Note 19	10 036 877	1 583 035
Current Investments - Refer to Note 18	-	8 759 612
Total cash and cash equivalents	37 423 861	19 301 318

	2012 R	2011 R
36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 35	37 423 861	19 301 318
Less:	37 423 861	19 301 318
Unspent Committed Conditional Grants - Note 9	2 091 523	(3 534 450)
Net cash resources available for internal distribution	2 091 523	(3 534 450)
Allocated to:	35 332 338	22 835 767
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Roll Reserve	-	-
Resources available for working capital requirements	35 332 338	22 835 767
37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2012 R	2011 R
Long-term Liabilities - Note 2	123 649	1 502 283
Used to finance property, plant and equipment - at cost	(1 285 662)	(1 285 662)
Cash set aside for the repayment of long-term liabilities	(1 162 013)	216 621
Cash invested for repayment of long-term liabilities	1 162 013	(216 621)
	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

BUDGET COMPARISONS

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
38.1 Operational				
Revenue by source				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40%
Government Grants and Subsidies - Capital	84 205 700	61 286 000	22 919 700	37%
Actuarial Gains	-	-	-	0%
Fines	190 690	389 646	(198 956)	-51%
Property Rates - penalties imposed and collection charges	-	-	-	0%
Service Charges	77 054 971	76 466 508	588 463	1%
Rental of Facilities and Equipment	136 096	69 477	66 619	96%
Interest Earned - Current Account	81 314	-	81 314	100%
Interest Earned - external investments	1 633 815	1 108 746	525 069	47%
Interest Earned - outstanding debtors	7 927 472	7 004 410	923 062	13%
Licences and Permits	1 692 295	1 703 603	(11 308)	-1%
Agency Services	1 457 837	1 083 483	374 354	35%
Other Revenue	1 965 179	806 164	1 159 015	144%
	184 272 233	163 143 452	21 128 781	13%
Expenditure by nature				
Employee Related Costs	(37 845 924)	(43 268 486)	5 422 562	-13%
Remuneration of Councillors	(4 911 455)	(4 106 967)	(804 488)	20%
Impairments	(3 880)	-	(3 880)	100%
Depreciation and Amortisation	(6 913 821)	(5 008 778)	(1 905 043)	38%
Debt Impairments	(29 508 778)	(13 912 584)	(15 596 194)	112%
Repairs and Maintenance	(4 412 493)	(5 120 208)	707 715	-14%
Actuarial losses	(1 056 197)	-	(1 056 197)	100%
Finance Charges	(1 364 436)	(239)	(1 364 197)	570794%
Bulk Purchases	(41 890 993)	(49 018 716)	7 127 723	-15%
Contracted services	(714 110)	(6 093 007)	5 378 897	-88%
Grants and Subsidies	(3 257 659)	-	(3 257 659)	100%
Operating Grant Expenditure	-	-	-	0%
General Expenses	(22 103 510)	(35 771 203)	13 667 693	-38%
Internal charges	-	-	-	0%
	(153 983 256)	(162 300 188)	8 316 932	-5%
Other Gains/Losses				
Gains on Disposal of PPE	-	-	-	0%
	-	-	-	0%
Net Surplus for the year	30 288 977	843 264	29 445 713	3492%
Details of material variances				

All variances are due to non-cash items such as Depreciation and impairment charges etc.

BUDGET COMPARISONS (continued)

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
38.2 Expenditure by Vote				
Council and Executive Administration	(18 379 512)	(10 812 671)	(7 566 841)	70%
Office of the Municipal Manager	(5 511 360)	(4 982 304)	(529 056)	11%
Internal Audit	-	(476 443)	476 443	-100%
Finance Admin	(18 571 302)	(14 212 575)	(4 358 727)	31%
Corporate Services and Development Admin	(5 106 777)	(4 859 522)	(247 255)	5%
LED	(250 785)	(308 197)	57 412	-19%
Municipal Buildings	(2 621 260)	(2 259 485)	(361 775)	16%
Estates	(465 830)	(893 179)	427 349	-48%
Ganspan Waterbird Sanctuary	(20 451)	(35 268)	14 817	-42%
Semi-Detached Houses	(3 858)	(61 941)	58 083	-94%
Staff Housing	(7 020)	(75 881)	68 861	-91%
Council Motor Vehicle	(12 514)	(149 911)	137 397	-92%
Community Services Admin	(3 114 522)	(3 546 759)	432 237	-12%
Cemetery	(314 912)	(199 781)	(115 131)	58%
Traffic	(2 905 936)	(3 755 295)	849 359	-23%
Parks and Recreation	(1 692 598)	(4 108 143)	2 415 545	-59%
Clinic	(4 827)	-	(4 827)	100%
Caravan Park	(6 724)	(126 494)	119 770	-95%
Sports Grounds	(118 696)	(324 372)	205 676	-63%
Fire Fighting and Disaster Management	(58 999)	(123 465)	64 466	-52%
Motor Vehicle Registration	(1 155 362)	(1 194 558)	39 196	-3%
Library	(1 755 226)	(2 758 056)	1 002 830	-36%
Vehicle Test Station	(88 537)	(652 163)	563 626	-86%
Water	(43 291 082)	(47 574 849)	4 283 767	-9%
Electricity (Street Lighting)	(31 994 285)	(43 989 062)	11 994 777	-27%
Public Works	(7 548 642)	(7 415 668)	(132 974)	2%
Mechanical Workshop	(231 037)	(1 302 787)	1 071 750	-82%
Refuse	(5 385 244)	(6 101 359)	716 115	-12%
Less Internal Charges	(3 365 957)	-	(3 365 957)	100%
	(153 983 256)	(162 300 188)	8 316 932	-5%

Details of material variances

All variances are due to non-cash items such as Depreciation and impairment charges etc.

BUDGET COMPARISONS (continued)

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
38.3 Capital expenditure by vote				
Council and Executive Administration	131 108	210 000	(78 892)	-38%
Office of the Municipal Manager	20 888	-	20 888	100%
Finance Admin	260 036	601 000	(340 964)	-57%
Corporate Services and Development Admin	1 465 042	19 520 000	(18 054 958)	-92%
Community Services Admin	13 895	-	13 895	100%
Traffic	39 385	158 000	(118 615)	-75%
Parks and Recreation	21 203	170 000	(148 797)	-88%
Library	30 741	50 000	(19 259)	-39%
Water	9 131 006	633 500	8 497 506	1341%
Waste Water	5 229 900	14 922 536	(9 692 636)	-65%
Electricity	1 925 005	2 879 000	(953 995)	-33%
Public Works	3 215 644	6 654 341	(3 438 697)	-52%
	21 483 853	45 798 377	(24 314 524)	-53%

Details of material variances

Spend from own funds

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2012
R2011
R39.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	19 322 431	35 340 141
Unauthorised capital expenditure current year	8 532 289	18 318 424
Unauthorised operating expenditure current year	13 316 586	(34 336 134)
Unauthorised expenditure awaiting authorisation	41 171 306	19 322 431

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R2 630 241 project Pamperstad 1400 Housing Project.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R1 141 548 project Sakhile Bulk Waterline.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R3 177 891 awaiting investigation.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R264 035 project Masakeng Sewer Project.	None

39.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	218 676	-
Fruitless and wasteful expenditure current year	44 815	218 676
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	263 491	218 676

Incident	Disciplinary steps/criminal proceedings
Fines in 2011/12 to the value of R44815.	None
Fines to the value of R120 000 in 2010/11	None
Fruitless prior year amounting to R98676.	None

39.03 Irregular expenditure

None to Management's knowledge

Reconciliation of irregular expenditure:

Opening balance	5 171 537	-
Irregular expenditure current year	3 480 118	5 171 537
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	8 651 655	5 171 537

Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/criminal proceedings		
Purchases made without tax clearance certificates	None	-	1 218 917
Preferential point system not applied in tender process.	None	-	3 139 665
Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	None	-	812 955
repairs to Electrical panel at sewerage pump station- only one quotation obtained	None	8 621	-
lunch for Initiation school meeting- only one quotation obtained	None	3 800	-
Letterheads - only one quotation obtained	None	2 570	-
repairs of HP 9000 printer- only one quotation obtained	None	2 958	-
171-180 cascade clamp (water pipe)- only one quotation obtained	None	3 611	-
Gorman rupp super T4- Unforeseen & unavoidable -one quotation	None	29 885	-
New Sewer Pump- one quotation - urgent matter	None	9 611	-
water chemicals- one quotation received urgent	None	26 207	-

TLB Hire- urgent one quotation received	None	25 400	-
clean dumping site- not advertised , only one supplier	None	39 900	-
publication of new council- one quotation received	None	16 000	-
lunch ward committee- one quotation received urgent	None	4 000	-
office furniture- not advertised, one supplier	None	57 877	-
silica sand- not advertised , only one supplier	None	33 958	-
Tender advert- only one quotation obtained	None	4 000	-
store requisition book- single supplier one quotation	None	2 150	-
chlorine gas- two quotation received	None	24 277	-
Transport for ward committee- single supplier one quotation	None	3 060	-
Crusher Sand- single supplier one quotation	None	12 749	-
silica sand- not advertised sinlge supplier one quotation	None	33 958	-
repair of gormanrupp T4 pump- single supplier one quotation	None	20 163	-
replace water pump and strip burnt pump- urgent request single supplier, one quotation	None	79 308	-
cat spray 65 drum, tarr- not advertised sinlge supplier one quotation	None	42 887	-
public Toilet hire- one quotation obtained	None	2 599	-
Goods received book- single supplier one quotation	None	2 100	-
Crusher Sand- single supplier one quotation	None	22 845	-
electrical panel new pump- urgent request single supplier, one quotation	None	5 584	-
new gorman pump - only one quotastion	None	4 617	-
repair of electric motor - only one quotation	None	4 902	-
office furniture - only one quotation	None	15 133	-
sketch booklets - only one quotation	None	2 712	-
repair water tanks - only one quotation	None	4 845	-
breakfast MEC-Energy - only one quotation	None	2 234	-
councillors photos - only one quotation	None	7 500	-
white envelops - only one quotation	None	6 555	-
repair to Saer pump and motor - only one quotation	None	4 272	-
sudfloc water chemical - three quotes obtains, not advertised , waiting for	None	148 651	-
lunch for councillors , public protector visit - only one quotation	None	2 495	-
HTH Granular, chlorine gas, water chemicals - direct supplier, waiting for	None	26 207	-
bauer motor , model star delta - only one quotation	None	4 845	-
installation of new network - only one quotation network supplier	None	4 868	-
water samples - only one supplier	None	4 339	-
transport for learners to pretoria - only one supplier	None	15 950	-
library visit Taung Dam - only one supplier	None	2 500	-
letterheads - one quotation obtained	None	2 570	-
cleaning dumping site - one quotation obtained, not advertised	None	39 900	-
water chemicals - one quotation, chemical tender not finalized	None	35 172	-
test system traffic - one quotation, only local supplier	None	5 238	-
water chemicals - one quotation, chemical tender not finalized	None	38 041	-
transport community for food for waste project - one quotation obtained	None	2 700	-
transport school children - one quotation obtained	None	3 700	-
Gorman Rupp T4 Assembly - one quotation obtained, urgent requirest	None	24 977	-
Borehole pump model m5514 - one quotation obtained single supplier	None	16 125	-
stroke edge cutters - two quotation obtained	None	27 770	-
motors DMZA160xZ, repair bauer motor - one quotation, urgent faulty power supply	None	11 375	-

replace faulty butterfly valves - one quotation obtained	None	13 818	-
repair gorman rupp T3a3 - one quotation obtained	None	18 321	-
lunch initiation school meeting - one quotation obtained	None	2 752	-
accommodation for Mr. marima - one quotation obtained	None	12 600	-
Adjudication report for Tenders - not advertised, urgent request for technical	None	104 880	-
petrol and deisel - not advertised, three quotation obtained	None	170 129	-
year end function - not advertised , three quotation obtained	None	49 800	-
Indigent books - one quotation,	None	3 930	-
advert Christmas message - one quotation	None	4 000	-
Advert Municipal Manager post - one quotation	None	4 000	-
water pipes - one quotation, urgent request, water connection	None	26 750	-
road works signs - one quotation	None	7 216	-
Diesel - not advertised, two quotation obtained	None	83 760	-
Copy for Councillors Agent - copy machine was not working only one supplier could	None	2 208	-
test & Calibration of Radar MuniQuip - one quotation, sole supplier	None	2 653	-
electrical meters for household, gemini wires, PLC - one quotation obtained, from	None	133 380	-
deforest of Korhaan crescent dam - only one supplier assist with the equipment	None	3 600	-
Lunch for meeting with Mayor and Dept. of Education - one quotation obtain	None	2 567	-
Mayor , Councillors, officials, lunch meeting with Dept. of Health - one quotation obtain	None	3 014	-
KVA Meters - one quotation obtain, one supplier could assist	None	17 303	-
drum Tarr Cat 65, repair pothole - one quotation , sole supplier	None	65 390	-
repairs of canon copy machine - one quotation , sole supplier	None	12 123	-
GIS software Desktop basic single use - one quotation , sole supplier	None	42 864	-
Indigent application books - only suppliers that print our books, one quotation	None	9 800	-
Summons Books - only suppliers that print our books, one quotation	None	8 600	-
Receipt books - only suppliers that print our books, one quotation	None	2 950	-
Indigent application books - only suppliers that print our books, one quotation	None	4 700	-
repair jyline pump, c/w automatic plant switch - one quotation obtain	None	5 044	-
2 pole foot mounted motor - one quotation obtain	None	12 825	-
Facilitation of a strategic Planning session - advertised for 7days, no respond, was not	None	32 490	-
Anti Virus Renewal - one quotation obtain	None	13 277	-
strip and repair of server room air conditioner - one supplier could assist	None	6 050	-
hire equipment to clean field - one supplier could assist	None	7 200	-
hire equipment to digging graves - one supplier could assist	None	3 600	-
Vehicle Statement Books - only suppliers that print our books, one quotation	None	3 700	-
trip authority books - only suppliers that print our books, one quotation	None	3 920	-
repair 11kw siemens motor - one quotation obtain	None	3 620	-
repair of 15.8kw siemens - one quotation obtain	None	5 921	-
repairs to siemens motor model 160m - one quotation obtain	None	3 621	-
publishing a notice of subdivision of ERF - two quotation obtained	None	4 000	-
200 copies of annual report - not advertised fro 7days, one supplier could assist	None	90 680	-
sand crusher, teerklip - not advertised fro 7days, one supplier could assist	None	41 103	-
maintance of copy machine 9000 - one quotation obtain	None	8 178	-
100 drums of CAT 65 Tarr - not advertised fro 7days, one supplier could assist	None	155 268	-
envelopes boxes for accounts - one quotation obtain	None	4 446	-
land survey erf 1366-1372 vaalharts settlement - one quotation obtain, no	None	6 270	-

Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	27 142	-
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	19 361	-
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	34 096	-
land survey erf 774 Jankemp ,erf 2730 p/stad & 28 erf fase 1 JKd - one quotation	None	147 891	-
Land survey of ERF - one quotation obtain, no contract with supplier	None	69 437	-
contribution funeral arrangement of Late Council Riet - supply chain procedure not followed	None	20 000	-
financial assistance for prayer day Event - supply chain procedure not followed	None	9 800	-
Accommodation and breakfast for DJ's Workshop - supply chain procedure not followed	None	6 498	-
Tent , toilet service and transport - supply chain procedure not followed	None	7 239	-
guest entertainment - supply chain procedure not followed	None	4 900	-
HR related appointments no procedure followed - Miss TL Krawe	None	77 808	-
HR related appointments no procedure followed - Miss DM Abrahams	None	72 341	-
HR related appointments no procedure followed - Miss Sethlodi	None	82 744	-
Letterheads - one supplier	None	2 720	-
cleaning Dumping site - urgent , not advertised one sinlge supplier	None	40 281	-
repairs of roads, teerklip - one quotation single supplier	None	22 391	-
Lunch for Councillors - one quotation single supplier	None	4 502	-
jolly tables and cahirs - one quotation single supplier	None	2 772	-
repair of pedrocco pump - only one srvice provider	None	3 832	-
upgrade electrical panel - only one srvice provider	None	9 428	-
water chemicals - urgent request one quotation	None	34 764	-
road works signs - one service provider,one quotation received	None	4 302	-
Electricsl network - urgent request one quotation obtain	None	2 910	-
municipality accounts book - only local supplier	None	4 250	-
trip authorisation book - only local supplier	None	3 100	-
solaraine direct 80w solar panel - only one quotation was obtained	None	10 602	-
water chemicals - tender process was not finalised,buying from direct suppliers,not	None	162 519	-
repair vacuum machine - one service provider, as the machine was brought from	None	3 894	-
Tarr cleasing roads - only nearest service provider that can assist	None	46 580	-
supply and install heavy duty steel frame for solarpanels - only local service provider,	None	5 800	-
Repairs to ABS Pump model J24ND - only one supplier	None	16 544	-
vacuum gas metering system, dosing pump,installation kit - only one supplier	None	32 210	-
purchase of grave number for graveyard - only one supplier	None	19 973	-
lunch for councillors nad managers; induction meeting - only one supplier	None	3 145	-
Transport of ward committee members - only one quotation obtained	None	6 000	-
repair raw water pump , electrical - only one quotation obtained	None	11 125	-
repair motor at sewerage pump station at sport ground - one quotation obtained	None	8 796	-
repair to boom vacuum pump - one quotation obtained	None	4 170	-
repair to Tsurumi pump - one quotation obtained	None	3 014	-
emergency call out sullypy new 11kW,4 pole motoer - one quotation obtained	None	15 748	-
water chemical chlorine gas - urgent request one quotation direct supplier	None	59 381	-
service calibration ,supply and installation of scuff gauge parts - only one supplier that	None	23 564	-
Water installation on 19 Sites - Tender documentation not complete for payments made to Nokuka Trading	None	117 954	-
		3 480 118	5 171 537

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA.
No steps have been taken at this stage to recover any monies.

	2012 R	2011 R
39.04 <u>Material Losses</u>		
None to Management's knowledge		
Electricity distribution losses		
Units purchased (Kwh)	49 023 156	44 544 236
- Units lost during distribution (Kwh)	18 389 262	11 256 327
- Percentage lost during distribution	37.51%	25.27%
Units purchased (KVAH)	202 957	205 819
- Units lost during distribution (KVAH)	137 646	169 771
- Percentage lost during distribution	67.82%	82.49%
Water distribution losses		
- Mega litres purified	2 804 559	-
- Mega litres lost during distribution	1 016 220	-
- Percentage lost during distribution	36.23%	0.00%
The above losses will not be recovered by Council.		

40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2012 R	2011 R
40.01 <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
Opening balance	250 672	-
Council subscriptions	606 754	473 627
Amount paid - current year	(124 588)	(222 955)
Amount paid - previous years	(250 672)	-
Balance unpaid (included in creditors)	482 166	250 672
	2012 R	2011 R
40.02 <u>Audit fees - [MFMA 125 (1)(c)]</u>		
Opening balance	84 594	237 289
Council subscriptions	2 177 194	2 321 381
Amount paid - current year	(2 177 194)	(2 236 787)
Amount paid - previous years	(84 594)	(237 289)
Balance unpaid (included in creditors)	-	84 594
	2012 R	2011 R
40.03 <u>VAT - [MFMA 125 (1)(b)]</u>		
Opening balance	-	-
Amounts received - current year	3 999 839	-
Amounts claimed - current year (payable)	(3 999 839)	-
Closing balance Cr/(Dt)	-	-
Vat in suspense due to cash basis of accounting	-	-

	2012 R	2011 R
40.04 PAYE , SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions	4 352 216	4 006 802
Amount paid - current year	(4 352 216)	(4 006 802)
Balance unpaid (included in creditors)	-	-

	2012 R	2011 R
Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 665 905	8 786 868
Amount paid - current year	(6 665 905)	(8 786 868)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

	2012 R	2011 R
40.05 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
The following councillors had arrear accounts for more than 90 days as at year end.		
	Outstanding more than 90 days	Outstanding more than 90 days
Nkomo S	91 622.99	79 251.89
Motebe GM	292.25	-
Lewis S	-	197.90
Nel PJ	-	-
Adams J	691.52	-
Mokwena AS	19 036.64	14 981.09
Mojapele MF	360.15	5 801.81
Meza D	169.50	3 067.34
Chakane M	2 536.40	-
Pitso FO	8 714.45	-
Modiakgotla HM	49 250.48	29 796.17
Moremongwe O	88.87	1 643.69
Mashori KD	1 071.20	8 316.55
Mona P	-	-
Moketsi DM	467.64	8 525.70
Riet I	1 675.14	5 885.55
Khen V	-	5 918.36
	175 977.23	163 386.05

40.06 Quotations awarded - Section 45 - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	-	120 081	-	-
Corporate Services	35 547	87 166	-	-
Development Services	-	33 958	-	-
Municipal Manager	10 800	333 675	-	-
Financial Services	30 074	-	-	-
Stores	-	583 765	-	-
Technical Services	35 030	612 126	-	-
Electrical Services	-	133 380	-	-
	111 452	1 904 152	-	-

40.07 Non-compliance with Chapter 14 of the Municipal Finance Management Act

No non-compliance to the Supply Chain Management Regulations were identified by Management

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CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2012 R	2011 R
Approved and contracted for:	39 457 510	87 590 077
Land & Buildings	-	-
Infrastructure	39 457 510	87 590 077
Total	39 457 510	87 590 077
Approved and not contracted for:	21 000 000	-
Land & Buildings	-	-
Infrastructure	21 000 000	-
Total	21 000 000	-
This expenditure will be financed from:		
External Loans	-	-
Government Grants	60 457 510	87 590 077
	60 457 510	87 590 077

RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuations was done on 30 June 2008.

FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2010 - 0.5%) Increase in interest rates	373 002	25 427
0.5% (2010 - 0.5%) Decrease in interest rates	(186 501)	(12 714)

2012
R

2011
R

	2012 R	2011 R
--	-----------	-----------

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables, long term receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. The following balances included in receivables were re-negotiated for the period under review.

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	13 927 317	100.00%	11 734 196
<u>Exchange Receivables</u>				
Electricity	4.80%	6 045 196	3.97%	3 483 889
Water	23.59%	29 693 234	25.10%	22 014 717
Refuse	13.51%	17 013 237	15.52%	13 613 244
Sewerage	21.09%	26 552 316	24.13%	21 170 193
Other	37.00%	46 581 706	31.28%	27 441 890
	100.00%	125 885 688	100.00%	87 723 933

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in notes 16 and 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Electricity	3.20%	4 204 902	2.98%	2 746 542
Water	21.14%	27 801 399	20.68%	19 041 292
Refuse	12.44%	16 354 699	14.03%	12 919 539
Sewerage	19.42%	25 533 746	21.78%	20 056 280
Other Consumer Arrears	33.70%	44 321 604	28.29%	26 052 448
Rates	10.11%	13 297 492	12.24%	11 269 307
	100.00%	131 513 842	100.00%	92 085 407

2012
R

2011
R

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables	13 671 234	12 877 421
Other receivables from non-exchange transactions	1 222 629	971 695
Cash and Cash Equivalents	37 423 861	10 541 706
Current Investments	-	8 759 612
Unpaid conditional grants and subsidies	4 917 738	7 797 087
	<u>57 235 462</u>	<u>40 947 521</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality did not default on any of their trade and other payables commitments during the period under review and no terms were re-negotiated.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
2012				
Long Term liabilities - Finance lease liability	129 501	-	-	-
Capital Repayments	123 649	-	-	-
Interest	5 852	-	-	-
Non-Current Provision - Landfill Sites	3 618 369	247 576	388 959	2 171 036
Capital Repayments	3 575 698	-	-	2 013 941
Interest	42 671	247 576	388 959	157 095
Consumer Deposits	2 132 122	-	-	-
Trade and Other Payables	5 896 885	-	-	-
Unspent conditional government grants and receipts	7 009 261	-	-	-
	<u>18 786 139</u>	<u>247 576</u>	<u>388 959</u>	<u>2 171 036</u>
2011				
Long Term liabilities - Finance lease liability	309 105	129 501	-	-
Capital Repayments	271 142	123 649	-	-
Interest	37 964	5 852	-	-
Non-Current Provision - Landfill Sites	210 911	3 811 484	370 437	1 919 807
Capital Repayments	-	3 575 698	-	1 689 729
Interest	210 911	235 786	370 437	230 078
Consumer Deposits	1 936 417	-	-	-
Trade and Other Payables	11 886 998	-	-	-
Unspent conditional government grants and receipts	4 262 638	-	-	-
	<u>18 606 069</u>	<u>3 940 985</u>	<u>370 437</u>	<u>1 919 807</u>

44	FINANCIAL INSTRUMENTS		2012 R	2011 R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
	<u>Financial Assets</u>	<u>Classification</u>		
	Receivables			
	Trade and other receivables	Financial instruments at amortised cost	14 893 863	13 849 116
	Other Debtors			
	Government Subsidies and Grants	Financial instruments at amortised cost	4 917 738	7 797 087
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	-	8 759 612
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	37 422 466	10 540 311
	Cash Floats and Advances	Financial instruments at amortised cost	1 395	1 395
			57 235 462	40 947 521
	SUMMARY OF FINANCIAL ASSETS		2012 R	2011 R
	Financial instruments at amortised cost		37 423 861	19 301 318
	At Amortised Cost		37 423 861	19 301 318
	<u>Financial Liabilities</u>	<u>Classification</u>		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	-	1 000 000
	Government Loans : Other	Financial instruments at amortised cost	-	-
	Capitalised Lease Liability	Financial instruments at amortised cost	-	123 649
	Consumer deposits			
	Electricity and Water	Financial instruments at amortised cost	2 132 122	1 936 417
	Trade and other Payables			
	Trade Creditors	Financial instruments at amortised cost	5 404 958	7 529 930
	Other creditors	Financial instruments at amortised cost	491 927	4 357 068
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	7 009 261	4 262 638
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	-	-
	Government Loans : Other	Financial instruments at amortised cost	-	107 493
	Capitalised Lease Liability	Financial instruments at amortised cost	123 649	271 142
	Total Financial Liabilities		15 161 917	19 588 337
	SUMMARY OF FINANCIAL LIABILITY		15 161 917	19 588 337
	Financial instruments at amortised cost		15 161 917	19 588 337
45	EVENTS AFTER THE REPORTING DATE			
	The CFO (TP Sediti) is currently purchasing erf 491 from the Municipality for amount R13 668-60 which will be concluded in the near future.			
	The municipality has no other events after reporting date during the financial year ended 2011/2012.			
	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
46	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
47	COMPARISON WITH THE BUDGET			
	The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "D".			

CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against the Municipality if claimants are successful in their actions. The following are the estimates:

	2012 R	2011 R
Ganspan Community Farmer (No claim)	-	-
Phokwane LM vs Komanisi Developers (Civil)	-	2 945 000.00
Babereki Consulting Engineering (Civil claim, cost not yet determined)	-	19 287 583.00
Young Alum	-	1 905 000.00
C Pitso - Labour dispute	-	710 000
Morula Project vs Phokwane LM	-	393 553.00
LM Christoffel vs Johannes Jacobs Victor (Civil claim)	-	400 000.00
Charles Deetlefs, Loss claim for damages	-	7 410.00
Babereki Consulting Engineers vs Phokwane LM	35 650.00	-
Komanisi vs Phokwane LM	450 000.00	-
Ganspan Small Scale Farmers Members vs Phokwane LM	unknown	-
Bidco Investment / Morula Project vs Phokwane LM	180 000.00	-
Eviction Orders	50 000.00	-
V Madlala vs Phokwane LM	-	-
M Ndwanya vs Phokwane LM	unknown	-
The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	unknown	unknown
	715 650	25 648 546

RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

49.01 Related Party Transactions

The rates, service charges and other charges charged to related parties are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

	Rates - Levied 1 Jul 11 - 30 Jun 12	Service Charges - Levied 1 Jul 11 - 30 Jun 12	Other - Levied 1 Jul 11 - 30 Jun 12	Outstanding Balances 30 June 2012
Year ended 30 JUNE 2012				
Councillors	11 357	110 356	12 347	189 621
NKOMO S	-	4 243	5 360	94 093
MOTEBE GM	3 457	34 190	157	2 971
LEWIS S	310	4 657	6	265
NEL PJ	6 749	27 942	27	3 826
ADAMS J	26	4 908	513	1 085
MOKWENA AS	21	1 570	1 102	19 512
MOJAPPELE MF	-	1 570	518	679
MEZA D	-	1 570	59	300
CHAKANE M	-	1 959	111	2 901
PITSO FO	-	1 570	579	9 091
MODIAKGOTLA HM	341	10 040	3 019	51 446
MOREMONGWE O	-	1 570	3	220
MASHORI KD	-	2 447	459	920
MONA P	-	9 239	11	845
MOKETSI DM	454	1 570	417	636
RIET I	-	1 309	6	829
Municipal Manager and Section 57 Employees	5 579	33 574	1 347	17 791
Dichaba MP	5 579	19 972	1 176	14 803
Sediti TP	-	13 603	171	2 988

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

49.02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

49.03 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

		2012 R	2011 R
49.04	Other related party transactions		
	The following purchases were made during the year where Councillors or Sect 57 Managers have an interest:		
	<u>Councillor/Sect 57 Manager</u>		
	The CFO (TP Sediti) is currently purchasing erf 491 from Phokwane Municipality and this transaction will be concluded in the near future.	13 669	
	The Supply Chain Manager's (TP Mmusi) husband's business entity (Matsapa Projects) was awarded the contract for the Electrification of Ganspan and Bonita Park which was funded by INEP to the amount of R2 184 000. Furthermore expenditure relating to technical support to the amount of R102 828 was awarded to Matsapa Projects without being advertised and no other quotations were obtained.	2 286 828	-

50 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio increased from 2.16:1 to 2.70:1 in 2012.

The average debtors' payment days increased to 1457 days from 1291 days. The debtors impairment ration increased to 85% from the previous years 80%.

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 48

11 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2012
Reconciliation of Carrying Value

	Cost		Accumulated Depreciation							Carrying Value	
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Impairments R	Closing Balance R		R
Land and Buildings	15 670 162	-	-	15 670 162	4 336 780	474 324	-	-	4 811 104		10 859 058
Land	2 442 413	-	-	2 442 413	-	-	-	-	-		2 442 413
Buildings	13 227 749	-	-	13 227 749	4 336 780	474 324	-	-	4 811 104		8 416 645
Infrastructure	190 537 468	21 053 576	-	211 591 043	46 183 329	3 704 761	-	-	49 888 090		161 702 953
Roads & Stormwater	42 619 559	3 638 064	-	46 257 623	6 100 648	1 099 268	-	-	7 199 916		39 057 706
Sewerage	73 814 562	13 930 148	-	87 744 709	19 780 034	740 549	-	-	20 520 582		67 224 127
Electricity	25 135 469	2 184 000	-	27 319 469	9 687 564	778 382	-	-	10 465 946		16 853 523
Water	44 378 478	1 301 364	-	45 679 843	9 381 173	837 763	-	-	10 218 936		35 460 906
Taxi Ranks and Bus shelters	4 201 967	-	-	4 201 967	1 163 235	235 885	-	-	1 399 120		2 802 847
Public Parking	387 432	-	-	387 432	70 675	12 914	-	-	83 590		303 843
Community Assets	9 187 889	-	-	9 187 889	4 300 374	306 263	-	-	4 606 637		4 581 252
Recreation Grounds	973 151	-	-	973 151	296 510	32 438	-	-	328 949		644 203
Civil Buildings	6 779 590	-	-	6 779 590	3 580 011	225 986	-	-	3 805 997		2 973 592
Libraries	768 489	-	-	768 489	144 340	25 616	-	-	169 956		598 533
Pre-schools	662 664	-	-	662 664	278 889	22 089	-	-	300 978		361 686
Cemetaries	3 996	-	-	3 996	624	133	-	-	757		3 239
Heritage Assets	158 380	-	-	158 380	658	149	-	-	807		157 574
Historical Buildings	156 892	-	-	156 892	-	-	-	-	-		156 892
Painting & Art Galleries	1 489	-	-	1 489	658	149	-	-	807		682
Other Assets	17 678 772	430 277	-	18 109 049	8 354 893	2 422 578	-	3 880	10 781 350		7 327 698
Office Equipment	1 135 995	16 335	-	1 152 330	513 531	163 467	-	-	676 998		475 332
Furniture & Fittings	2 275 227	114 239	-	2 389 465	563 121	336 291	-	-	899 412		1 490 053
Communication Equipment	52 909	-	-	52 909	19 052	7 214	-	-	26 266		26 643
Other	4 113 726	25 500	-	4 139 226	1 283 616	542 523	-	-	1 826 139		2 313 088
Safety Equipment	188 652	-	-	188 652	8 106	37 730	-	-	45 837		142 815
Vehicles and Plant	7 260 247	-	-	7 260 247	4 331 296	984 968	-	-	5 316 264		1 943 984
Computer Equipment	1 296 371	274 203	-	1 570 574	444 673	276 227	-	-	720 900		849 673
Landfill Sites	1 355 645	-	-	1 355 645	1 191 498	74 157	-	3 880	1 269 535		86 110
Intangible assets	28 728	-	-	28 728	7 490	5 746	-	-	13 236		15 492
Intangible assets	28 728	-	-	28 728	7 490	5 746	-	-	13 236		15 492
	233 232 672	21 483 852	-	254 716 524	63 176 033	6 908 076	-	3 880	70 087 989		184 628 535

30 JUNE 2011

Reconciliation of Carrying Value										
	Cost				Accumulated Depreciation					Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Impairments R	Closing Balance R	
Land and Buildings	17 691 771	326 708	-2 348 318	15 670 162	3 873 082	463 698	-		4 336 780	11 333 382
Land	4 790 731	-	-2 348 318	2 442 413	-	-	-		-	2 442 413
Balance previously reported	4 790 731	-	-	4 790 731	-	-	-		-	4 790 731
Correction of error note - 32.02	-	-	-2 348 318	-2 348 318	-	-	-	-	-	-2 348 318
Buildings	12 901 040	326 708	-	13 227 749	3 873 082	463 698	-		4 336 780	8 890 969
Balance previously reported	12 901 040	11 954 369	-	24 855 409	3 873 082	457 933	-		4 331 014	20 524 395
Correction of error note - 32.02	-	-11 627 660	-	-11 627 660	-	5 765	-	-	5 765	-11 633 426
Infrastructure	158 168 597	32 368 871	-	190 537 468	42 162 330	3 612 487	-	408 513	46 183 329	144 354 139
Roads & Stormwater	37 306 935	5 312 624	-	42 619 559	5 002 111	1 098 537	-		6 100 648	36 518 911
Sewerage	52 013 842	21 800 720	-	73 814 562	18 924 858	740 041	-	115 135	19 780 034	54 034 528
Balance previously reported	52 013 842	-3 382 682	-	48 631 160	18 924 858	740 041	-	115 135	19 780 034	28 851 126
Correction of error note - 32.02	-	25 183 402	-	25 183 402	-	-	-	-	-	25 183 402
Electricity	24 695 469	440 000	-	25 135 469	8 634 745	776 785	-	276 034	9 687 564	15 447 905
Water	40 229 273	4 149 205	-	44 378 478	8 615 311	748 518	-	17 344	9 381 173	34 997 305
Balance previously reported	40 229 273	29 332 607	-	69 561 880	8 615 311	748 518	-	17 344	9 381 173	60 180 707
Correction of error note - 32.02	-	-25 183 402	-	-25 183 402	-	-	-	-	-	-25 183 402
Taxi Rank and Bus Shelters	3 538 277	663 690	-	4 201 967	927 511	235 724	-	-	1 163 235	3 038 732
Public Parking	384 801	2 632	-	387 432	57 793	12 882	-	-	70 675	316 757
Community Assets	9 187 889	-	-	9 187 889	3 995 787	304 588	-	-	4 300 374	4 887 515
Recreation Grounds	973 151	-	-	973 151	265 560	30 951	-		296 510	676 641
Civil Buildings	6 779 590	-	-	6 779 590	3 354 179	225 832	-		3 580 011	3 199 578
Libraries	768 489	-	-	768 489	118 741	25 599	-		144 340	624 149

Pre-Schools	662 664	-	-	662 664	256 816	22 074		278 889	383 775
Cemetery	3 996	-	-	3 996	491	133		624	3 372
Heritage Assets	158 380	-	-	158 380	509	149	-	658	157 723
Historical Buildings	156 892	-	-	156 892	-	-	-	-	156 892
Painting & Art Galleries	1 489	-	-	1 489	509	149	-	658	831
Other Assets	15 033 415	2 645 358	-	17 678 772	5 986 697	2 042 808	83 550	241 838	9 323 880
Office Equipment	998 048	137 947	-	1 135 995	370 972	142 559	-	513 531	622 464
Furniture & Fittings	1 364 499	910 727	-	2 275 227	367 195	195 926	-	563 121	1 712 105
Balance previously reported	1 364 499	910 497	-	2 274 996	367 195	195 926	-	563 121	1 711 875
Correction of error note - 32.02	-	230	-	230	-	-	-	-	230
Communication Equipment	32 554	20 355	-	52 909	14 396	4 655	-	19 052	33 857
Other	3 459 398	654 328	-	4 113 726	642 089	464 511	-	177 016	2 830 110
Balance previously reported	3 459 398	654 328	-	4 113 726	2 181 034	261 067	-	177 016	1 494 610
Correction of error note - 32.02	-	-	-	-	-1 538 945	203 445	-	-	1 335 500
Safety Equipment	24 800	163 852	-	188 652	2 179	5 927	-	8 106	180 546
Vehicles and Plant	6 862 933	397 314	-	7 260 247	3 249 767	949 996	83 550	47 983	2 928 952
Computer Equipment	935 537	360 834	-	1 296 371	253 842	190 831	-	444 673	851 698
Landfill Sites	1 355 645	-	-	1 355 645	1 086 256	88 403	-	16 839	164 148
Balance previously reported	427 789	-	-	427 789	171 529	27 805	-	7 356	221 100
Correction of error note - 32.02	927 856	-	-	927 856	914 727	60 597	-	9 483	-56 952
Intangible assets	22 330	6 397	-	28 728	2 022	5 468	-	7 490	21 237
Intangible assets	22 330	6 397	-	28 728	2 022	5 468	-	7 490	21 237
Balance previously reported	22 330	6 397	-	28 728	2 022	5 468	-	7 490	21 237
Correction of error note - 32.10	-	-	-	-	-	-	-	-	-
	200 240 053	35 340 936	-2 348 318	233 232 672	56 018 404	6 423 729	83 550	650 350	170 056 638

11 PROPERTY, PLANT AND EQUIPMENT

The leased property, plant and equipment is secured as set out in Note 2

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has identified and itemised all infrastructure and community assets and other property, plant and equipment and has recalculated accumulated depreciation. All prior year figures have been restated to reflect the calculation.

Work in progress is included in the specific Infrastructure line item. Work in progress amounts to R64 479 488 for the 2011/2011 financial year.

APPENDIX A

PHOKWANE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Original Loan Amount	Rate	Redeemable	Balance at 30 JUNE 2011	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2012
SKINKING FUND							
Sinking Fund loan from ABSA	1 000 000	12.40%		1 000 000	-	1 000 000	-
Total Annuity Loans	1 000 000			1 000 000	-	1 000 000	-
GOVERNMENT LOANS							
DBSA Loan	1 214 810	14.58%	30/06/2011	33 180	-	33 180	-
DBSA Loan	1 822 284	14.58%	30/06/2011	49 772	-	49 772	-
DBSA Loan	898 472	14.58%	30/06/2011	24 540	-	24 540	-
Total Government Loans	3 935 566			107 493	-	107 493	-
LEASE LIABILITY							
Lease Liability	1 285 662	Varied		394 791	-	271 142	123 649
Total Lease Liability	1 285 662			394 791	-	271 142	123 649
TOTAL EXTERNAL LOANS	6 221 228			1 502 283	-	1 378 634	123 649

PHOKWANE MUNICIPALITY

APPENDIX B

PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012												
	Cost/Revaluation					Accumulated Depreciation						Carrying
	Opening Balance	Correction of error	Additions	Disposals/ Transfers	Closing Balance	Opening Balance	Correction of error	Additions	Disposals/ Transfers	Closing Balance	Impairment / Revaluation	Value
Land and Buildings												
Land	4 790 731	-2 348 318		-	2 442 413	-	-	-	-	-	-	2 442 413
Buildings	24 855 409	-11 627 660	-	-	13 227 749	4 331 014	5 765	474 324		4 811 104		8 416 645
	29 646 140	-13 975 978	-	-	15 670 162	4 331 014	5 765	474 324		4 811 104	-	10 859 058
Infrastructure												
Main: Roads and Stormwater	42 619 559	-	3 638 064	-	46 257 623	6 100 648	-	1 099 268	-	7 199 916		39 057 706
Sewage Mains & Purification	73 814 562	-	13 930 148	-	87 744 709	19 780 034	-	740 549		20 520 582		67 224 127
Main: Electricity	25 135 469	-	2 184 000	-	27 319 469	9 687 564	-	778 382	-	10 465 946		16 853 523
Main: Water and Purification	44 378 478	-	1 301 364	-	45 679 842	9 381 173	-	837 763		10 218 936		35 460 906
Taxi Ranks & Bus shelters	4 201 967	-	-	-	4 201 967	1 163 235	-	235 885		1 399 120		2 802 847
Public Parking	387 432	-	-	-	387 432	70 675	-	12 914	-	83 590	-	303 843
	190 537 467	-	21 053 576	-	211 591 043	46 183 329	-	3 704 761	-	49 888 090	-	161 702 952
Community Assets												
Recreation Grounds	973 151	-	-	-	973 151	296 510	-	32 438		328 949		644 203
Civil Buildings	6 779 590	-	-	-	6 779 590	3 580 011	-	225 986		3 805 997		2 973 592
Libraries	768 489	-	-	-	768 489	144 340	-	25 616		169 956		598 533
Pre-schools	662 664	-	-	-	662 664	278 889	-	22 089		300 978		361 686
Cemetery	3 996	-	-	-	3 996	624	-	133		757		3 239
	9 187 889	-	-	-	9 187 889	4 300 374	-	306 263	-	4 606 637		4 581 252
Heritage Assets												
Historical Buildings	156 892	-	-	-	156 892	-	-	-		-		156 892
Painting & Art Galleries	1 489	-	-	-	1 489	658	-	149		807		682
	158 380	-	-	-	158 380	658	-	149		807		157 574
Total carried forward	229 529 877	-13 975 978	21 053 576	-	236 607 474	54 815 376	5 765	4 485 498		59 306 638	-	177 300 836

APPENDIX B

PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of error	Additions	Disposals	Closing Balance	Opening Balance	Correction of error	Additions	Disposals	Closing Balance	
Total brought forward	229 529 877	-13 975 978	21 053 576	-	236 607 474	54 815 376	5 765	4 485 498	-	59 306 638	177 300 836
Other Assets											
Office Equipment	1 135 995	-	16 335	-	1 152 330	513 531	-	163 467	-	676 998	475 332
Furniture & Fittings	2 274 996	230	114 239	-	2 389 465	563 121	-	336 291	-	899 412	1 490 053
Communication Equipment	52 909	-	-	-	52 909	19 052	-	7 214	-	26 266	26 643
Other	4 113 726	-	25 500	-	4 139 226	2 619 116	-1 335 500	542 523	-	1 826 139	2 313 088
Safety Equipment	188 652	-	-	-	188 652	8 106	-	37 730	-	45 837	142 815
Vehicles & Plant	7 260 247	-	-	-	7 260 247	4 331 296	-	984 968	-	5 316 264	1 943 984
Computer Equipment	1 296 371	-	274 203	-	1 570 574	444 673	-	276 227	-	720 900	849 673
Landfill Sites	427 789	927 856	-	-	1 355 645	206 690	984 808	74 157	-	1 265 655	86 110
Non-Capital											
	16 750 686	928 086	430 277	-	18 109 049	8 705 585	-350 692	2 422 578	-	10 777 471	7 327 698
Total Property, Plant and Equipment	246 280 563	-13 047 892	21 483 852	-	254 716 523	63 520 960	-344 927	6 908 076	-	70 084 109	184 628 534
Intangible Assets											
Intangible Assets	28 728	-	-	-	28 728	7 490	-	5 746	-	13 236	15 492
	28 728	-	-	-	28 728	7 490	-	5 746	-	13 236	15 492
Investment Property											
Investment Property	1 188 145	2 348 318	-	-	3 536 463	-	-	-	-	-	3 536 463
	1 188 145	2 348 318	-	-	3 536 463	-	-	-	-	-	3 536 463
Total	247 497 436	-10 699 574	21 483 852	-	258 281 714	63 528 450	-344 927	6 913 821	-	70 097 345	188 180 489

PHOKWANE MUNICIPALITY

APPENDIX C (1)

PHOKWANE MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost						Accumulated Depreciation					Impairment	Carrying Value
	Opening Balance	Correction of error	Additions	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Correction of error	Additions	Disposals	Closing Balance		
Finance & Administration	16 307 505	230	260 036	-	-	16 567 771	8 499 820	-1 329 735	2 422 578	-	9 592 664	-	6 975 108
Council	-		131 108			131 108	-				-		131 108
Executive	-		20 888			20 888	-				-		20 888
Community & Social	18 513 842	-2 348 318	1 530 881	-	-	17 696 405	9 865 957	-	306 412	-	10 172 368		7 524 036
Housing	21 164 588	-11 627 660	-	-	-	9 536 928	-	-	474 324	-	474 324		9 062 603
Waste Management (Sewerage)	49 052 010	927 856	5 229 900	-	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	33 494 731
Road Transport	46 545 269	-	3 255 029	-	-	49 800 298	6 100 648	-	1 348 068	-	7 448 716	-	42 351 582
Water	69 561 880	-	9 131 006	-	-	78 692 886	9 381 173	-	837 763	-	10 218 936	-	68 473 950
Electricity	25 135 469	-	1 925 005	-	-	27 060 474	9 687 564	-	778 382	-	10 465 946	-	16 594 528
Total	246 280 563	-13 047 892	21 483 853	-	-	254 716 524	63 520 961	-344 927	6 908 076	-	70 084 110	3 880	184 628 534

PHOKWANE MUNICIPALITY

APPENDIX C (2) GFS

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation					Impairment	Carrying Value
	Opening Balance	Correction error	Additions	Disposals	Closing Balance	Opening Balance	Correction of error	Additions	Disposals Income	Closing Balance		
Budget & Treasury Office	16 307 505	230	260 036	-	16 567 772	8 499 820	(1 329 735)	2 422 578	-	9 592 664	-	6 975 108
Community & Social Services	18 513 842	(2 348 318)	1 530 881	-	17 696 405	9 865 957		306 412	-	10 172 368		7 524 036
Housing	21 164 588	(11 627 660)	-	-	9 536 928	-		474 324	-	474 324		9 062 603
Waste Management	49 052 010	927 856	5 229 900	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	33 494 731
Road Transport	46 545 269	-	3 255 029	-	49 800 298	6 100 648		1 348 068	-	7 448 716	-	42 351 582
Water	69 561 880	-	9 131 006	-	78 692 886	9 381 173		837 763	-	10 218 936	-	68 473 950
Electricity	25 135 469	-	1 925 005	-	27 060 474	9 687 564		778 382	-	10 465 946	-	16 594 528
Total	246 280 563	(13 047 892)	21 483 853	-	254 716 524	63 520 961	(344 927)	6 908 076	-	70 084 110	3 880	184 628 534

PHOKWANE MUNICIPALITY

APPENDIX D (1)

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
37 259 548	(8 701 867)	28 557 681	Council and Executive Administration	58 052 984	(18 379 512)	39 673 472
74 401	(5 104 031)	(5 029 630)	Office of the Municipal Manager	144 623	(5 511 360)	(5 366 737)
3 570 499	(15 737 128)	(12 166 629)	Finance Admin	4 058 463	(15 508 010)	(11 449 547)
(816)	(70 979)	(71 794)	Stores	-	(57 112)	(57 112)
-	(1 079 694)	(1 079 694)	IT	-	(977 994)	(977 994)
8 195 385	(29 063 588)	(20 868 203)	Rates and Taxes	9 023 403	(2 028 185)	6 995 218
12 298 330	(16 209 492)	(3 911 163)	Corporate Services and Development Admin	2 568 404	(5 106 777)	(2 538 373)
(7 950)	(65 816)	(73 766)	LED	-	(250 785)	(250 785)
(234 884)	(1 227 727)	(1 462 612)	Municipal Buildings	(916 074)	(2 393 422)	(3 309 495)
120 994	(494 586)	(373 592)	Estates	119 624	(465 830)	(346 206)
-	-	-	Ganspan Waterbird Sancturary	-	(20 451)	(20 451)
-	-	-	Semi-Detached Houses	2 142	(3 858)	(1 716)
-	(1 235)	(1 235)	Staff Housing	-	(7 020)	(7 020)
-	(1 491)	(1 491)	Council Motor Vehicle	-	(12 514)	(12 514)
2 552	(3 096 800)	(3 094 248)	Community Services Admin	4 183	(3 114 522)	(3 110 339)
74 200	(231 524)	(157 323)	Cemetary	79 273	(314 912)	(235 639)
1 353 355	(2 580 944)	(1 227 589)	Traffic	2 515 785	(2 905 936)	(390 151)
-	(1 464 538)	(1 464 538)	Parks and Recreation	27 770	(1 692 598)	(1 664 828)
-	(6 639)	(6 639)	Clinic	(2 553)	(2 274)	(4 827)
1 647	(630)	1 017	Caravan Park	(2 168)	(3 858)	(6 027)
1 572	(213 641)	(212 069)	Sports Grounds	3 349	(118 696)	(115 347)
-	(27 480)	(27 480)	Fire Fighting & Disaster Management	-	(58 999)	(58 999)
989 625	(1 111 811)	(122 186)	Motor Vehicle Registration	844 632	(1 155 362)	(310 730)
813 975	(1 433 018)	(619 042)	Library	622 417	(1 755 226)	(1 132 809)
497 560	(245 264)	252 296	Vehicle Test Station	333 982	(88 537)	245 445
40 842 074	(22 461 001)	18 381 073	Water	31 684 470	(31 454 025)	230 445
55 086	(21 024)	34 062	Water Consumer Connections	15 073	30 855	45 928
17 816 306	(9 449 908)	8 366 398	Waste Water	13 855 923	(11 867 911)	1 988 011
41 457 551	(30 862 328)	10 595 223	Electricity	51 277 495	(35 534 531)	15 742 963
246 387	(455 420)	(209 033)	Electricity Consumer Connections	204 658	(58 969)	145 689
6 791 990	(5 188 041)	1 603 949	Public Works	3 670 186	(7 548 642)	(3 878 456)
(267 015)	(239 739)	(506 755)	Mechanical Workshop	(576 533)	(231 037)	(807 570)
8 466 082	(1 598 396)	6 867 686	Refuse	6 660 722	(5 385 244)	1 275 478
180 418 453	(158 445 780)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
1 696 966	(1 696 966)	-	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
182 115 419	(160 142 746)	21 972 673	Total	187 638 190	(157 349 213)	30 288 977

PHOKWANE MUNICIPALITY

APPENDIX D (2)

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
37 333 948	(14 887 082)	22 446 866	Executive and council	58 197 607	(24 881 380)	33 316 226
8 282 578	(41 389 205)	(33 106 626)	Budget and treasury office	13 081 867	(17 593 307)	(4 511 440)
12 184 439	(17 931 805)	(5 747 366)	Corporate Services	1 771 954	(7 966 028)	(6 194 074)
890 727	(4 761 341)	(3 870 613)	Community and social services	705 873	(5 184 660)	(4 478 787)
3 219	(1 678 810)	(1 675 591)	Sport and recreation	28 951	(1 835 604)	(1 806 654)
2 840 540	(3 965 499)	(1 124 959)	Public Safety	3 694 399	(4 208 833)	(514 435)
-	(1 235)	(1 235)	Housing	2 142	(10 878)	(8 736)
-	(6 639)	(6 639)	Health	(2 553)	(2 274)	(4 827)
(7 950)	(65 816)	(73 766)	Planning and development	-	(250 785)	(250 785)
6 524 975	(5 427 780)	1 097 195	Road transport	3 093 653	(7 779 680)	(4 686 026)
41 703 938	(31 317 748)	10 386 190	Electricity	51 482 152	(35 593 500)	15 888 652
40 897 160	(22 482 026)	18 415 135	Water	31 699 543	(31 423 171)	276 373
17 816 306	(9 449 908)	8 366 398	Water waste management	13 855 923	(11 867 911)	1 988 011
8 466 082	(1 598 396)	6 867 686	Waste management	6 660 722	(5 385 244)	1 275 478
176 935 963	(154 963 290)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
3 239 348	(1 542 382)	1 696 966	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
180 175 311	(156 505 671)	23 669 639	Total	187 638 190	(157 349 213)	30 288 977

PHOKWANE MUNICIPALITY

APPENDIX E (1)

**REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION**

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)
REVENUE				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40.06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37.40%
Fines	190 690	389 646	(198 956)	-51.06%
Service Charges	77 054 971	76 466 508	588 463	0.77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95.89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3.94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59.54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13.18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0.66%
Agency Services	1 457 837	1 083 483	374 354	34.55%
Other Revenue	1 965 179	806 164	1 159 015	143.77%
Total Revenue	184 272 233	163 143 452	21 128 781	12.95%
EXPENDITURE				
Council and Executive Administration	(18 379 512)	(10 812 671)	(7 566 841)	69.98%
Office of the Municipal Manager	(5 511 360)	(5 458 747)	(52 613)	0.96%
Finance Admin	(18 571 302)	(14 212 575)	(4 358 727)	30.67%
Corporate Services and Development Admin	(5 106 777)	(4 860 521)	(246 256)	5.07%
LED	(250 785)	(308 197)	57 412	-18.63%
Municipal Buildings	(2 621 260)	(2 259 485)	(361 775)	16.01%
Estates	(465 830)	(893 179)	427 349	-47.85%
Ganspan Waterbird Sanctuary	(20 451)	(35 268)	14 817	-42.01%
Semi-Detached Houses	(3 858)	(61 941)	58 083	-93.77%
Staff Housing	(7 020)	(75 881)	68 861	-90.75%
Council Motor Vehicle	(12 514)	(149 911)	137 397	-91.65%
Community Services Admin	(3 114 522)	(3 546 759)	432 237	-12.19%
Cemetery	(314 912)	(198 586)	(116 326)	58.58%
Traffic	(2 905 936)	(3 755 295)	849 359	-22.62%
Parks and Recreation	(1 692 598)	(4 108 143)	2 415 545	-58.80%
Clinic	(4 827)	-	(4 827)	0.00%
Caravan Park	(6 724)	(126 494)	119 770	-94.68%
Sports Grounds	(118 696)	(321 978)	203 282	-63.14%
Fire Fighting and Disaster Management	(58 999)	(123 465)	64 466	-52.21%
Motor Vehicle Registration	(1 155 362)	(1 194 558)	39 196	-3.28%
Library	(1 755 226)	(2 758 056)	1 002 830	-36.36%
Vehicle Test Station	(88 537)	(799 586)	711 049	-88.93%
Water	(43 291 082)	(47 507 578)	4 216 496	-8.88%
Electricity (Street Lighting)	(31 994 285)	(43 975 905)	11 981 620	-27.25%
Public Works	(7 548 642)	(7 378 778)	(169 864)	2.30%
Mechanical Workshop	(231 037)	(1 302 787)	1 071 750	-82.27%
Refuse	(5 385 244)	(6 073 844)	688 600	-11.34%
Less Internal Charges	(3 365 957)	-	(3 365 957)	0.00%
Total Expenditure	(153 983 256)	(162 300 188)	8 316 932	-5.12%
SURPLUS / (DEFICIT) FOR THE YEAR	30 288 977	843 264	29 445 713	

PHOKWANE MUNICIPALITY

APPENDIX E (2)

**REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)
REVENUE				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40.06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37.40%
Fines	190 690	389 646	(198 956)	-51.06%
Service Charges	77 054 971	76 466 508	588 463	0.77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95.89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3.94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59.54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13.18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0.66%
Agency Services	1 457 837	1 083 483	374 354	34.55%
Other Revenue	1 965 179	806 164	1 159 015	143.77%
Total Revenue	184 272 233	163 143 452	21 128 781	12.95%
EXPENDITURE				
Executive and council	(24 881 380)	(17 181 280)	(7 700 100)	44.82%
Budget and treasury office	(17 593 307)	(13 452 624)	(4 140 683)	30.78%
Corporate Services	(8 193 867)	(8 013 185)	(180 682)	2.25%
Community and social services	(5 184 660)	(6 503 401)	1 318 741	-20.28%
Sport and recreation	(1 838 470)	(4 591 883)	2 753 413	-59.96%
Public Safety	(4 208 833)	(5 872 904)	1 664 071	-28.33%
Housing	(10 878)	(137 822)	126 944	-92.11%
Health	(4 827)	-	(4 827)	0.00%
Planning and development	(250 785)	(308 197)	57 412	-18.63%
Road transport	(7 779 680)	(8 681 565)	901 885	-10.39%
Electricity	(31 994 285)	(43 975 905)	11 981 620	-27.25%
Water	(31 423 171)	(33 953 505)	2 530 334	-7.45%
Water waste management	(11 867 911)	(13 554 073)	1 686 162	-12.44%
Waste management	(5 385 244)	(6 073 844)	688 600	-11.34%
Less: Interdepartmental Charges	(3 365 957)	-	(3 365 957)	0.00%
Total Expenditure	(153 983 256)	(162 300 188)	8 316 932	-5.12%
SURPLUS / (DEFICIT) FOR THE YEAR	30 288 977	843 264	29 445 713	

PHOKWANE MUNICIPALITY

APPENDIX E (3)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
MUNICIPAL VOTES CLASSIFICATION**

	2012 Actual	2012 Budget	2012 Variance	2012 Variance
	R	R	R	%
Council and Executive Administration	-	140 000	(140 000)	-100.00%
Office of the Municipal Manager	-	70 000	(70 000)	-1
Finance Admin	260 036	601 000	(340 964)	100%
Corporate Services and Development Admin	-	19 520 000	(19 520 000)	-100.00%
Community Services Admin	1 530 881	695 000	835 881	100%
Traffic		158 100	(158 100)	-100.00%
Parks and Recreation		170 000	(170 000)	-100.00%
Library		50 000	(50 000)	-100.00%
Water	9 131 006	6 717 136	2 413 870	35.94%
Waste Water	-	8 838 900	(8 838 900)	-100.00%
Electricity	1 925 005	2 184 000	(258 995)	100%
Public Works	3 255 029	6 654 341	(3 399 312)	-51.08%
Refuse	5 229 900	-	5 229 900	100%
Total	21 331 857	45 798 477	(24 466 620)	-53.42%

PHOKWANE MUNICIPALITY

APPENDIX E (4)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual	2012 Budget	2012 Variance	2012 Variance
	R	R	R	%
Executive and council	-	210 000	(210 000)	-100.00%
Budget and treasury office	260 036	601 000	(340 964)	100.00%
Corporate Services	131 108	19 520 000	(19 388 892)	-99.33%
Community and social services	1 530 881	745 000	785 881	100.00%
Sport and recreation	-	170 000	(170 000)	
Public Safety	-	158 100	(158 100)	
Road transport	3 255 029	6 654 341	(3 399 312)	-51.08%
Electricity	1 925 005	2 184 000	(258 995)	100.00%
Water	9 131 006	6 717 136	2 413 870	35.94%
Water waste management	-	8 838 900	(8 838 900)	-100.00%
Waste management	5 229 900	-	5 229 900	100.00%
Total	21 462 965	45 798 477	(24 335 512)	-53.14%

PHOKWANE MUNICIPALITY

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011	Correction of error/ Transfers	Restated balance 1 JULY 2011	Contributions during the year	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2012	Unspent 30 JUNE 2012 (Creditor)	Unpaid 30 JUNE 2012 (Debtor)
	R	R	R	R	R	R	R	R	R
Equitable Share	-	-	-	56 299 000	56 299 000	-	-	-	-
DWAF - Sedibeng	-	-	-	1 695 850	1 507 676	-	188 174	188 174	-
MIG Grant	(4 128 210)	-	(4 128 210)	21 735 000	-	18 855 651	-1 248 861	-	-1 248 861
Housing Subsidy Grant	59 300	(59 300)	-	-	-	-	-	-	-
MSIG	344 304	-	344 304	790 000	943 152	-	191 152	191 152	-
Tlhagadillijang Elec. DME	(329 798)	-	(329 798)	-	-	-	-329 798	-	-329 798
Library Pampierstad Grant	(20 453)	20 453	-	-	-	-	-	-	-
Library Hartswater Grant	587 932	-	587 932	920 000	599 879	-	908 053	908 053	-
J/Kemp housing/Pampierstad	137 581	(137 581)	-	-	-	-	-	-	-
EPWP Taxi Rank	2 147 237	-	2 147 237	-	-	-	2 147 237	2 147 237	-
S E T A	1 053	(1 053)	-	-	-	-	-	-	-
Elec. Substation-Frances Baa	53 315	(53 315)	-	-	-	-	-	-	-
NLDTF LOTTO	(50 585)	50 585	-	-	-	-	-	-	-
Creche : Bonita Park	3 546	(3 546)	-	-	-	-	-	-	-
49 Houses/Water - DPLG (NC)	5 418	(5 418)	-	-	-	-	-	-	-
DWAF - Referbishment	(1 429 992)	-	(1 429 992)	-	-	-	-1 429 992	-	-1 429 992
Financial Managment Grant	40 192	-	40 192	1 500 000	1 137 706	-	402 486	402 486	-
Sapo	3 497	(3 497)	-	-	-	-	-	-	-
Sport Development	17 422	-	17 422	-	-	-	17 422	17 422	-
Thagadipilejang Fund	(21 341)	21 341	-	-	-	-	-	-	-
FBDM O&M	124 123	-	124 123	68 873	-	114 901	78 095	78 095	-
EPWP Bonita Park	213 727	(213 727)	-	-	-	-	-	-	-
DWAF Water loss	(373 744)	-	(373 744)	-	-	-	-373 744	-	-373 744
DME grant - Ganspan Electrification	(714 462)	-	(714 462)	2 184 000	-	2 184 000	-714 462	-	-714 462
COGHSTA Grant	1 001 427	-	1 001 427	4 638 949	-	2 563 736	3 076 641	3 076 641	-
Masakeng Roads	(820 882)	-	(820 881)	-	-	-	-820 881	-	-820 881
Total	(3 149 392)	(385 058)	(3 534 450)	89 831 672	60 487 412	23 718 288	2 091 523	7 009 261	-4 917 738